

110TH CONGRESS
1ST SESSION

S. 1424

To provide for the continuation of agricultural programs through fiscal year 2013, and for other purposes.

IN THE SENATE OF THE UNITED STATES

MAY 17, 2007

Mr. SCHUMER (for himself, Mr. LIEBERMAN, Mr. KERRY, and Mr. KENNEDY) introduced the following bill; which was read twice and referred to the Committee on Finance

A BILL

To provide for the continuation of agricultural programs through fiscal year 2013, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE; TABLE OF CONTENTS.**

4 (a) **SHORT TITLE.**—This Act may be cited as the
5 “Farm, Nutrition, and Community Investment Act of
6 2007”.

7 (b) **TABLE OF CONTENTS.**—The table of contents of
8 this Act is as follows:

- Sec. 1. Short title; table of contents.
- Sec. 2. Definition of Secretary.

- Sec. 1001. Continuation of the milk income loss contract program.
- Sec. 1002. Minimum price for Class I milk under Federal milk marketing orders.
- Sec. 1003. Dairy export incentive and dairy indemnity programs.
- Sec. 1004. Funding of dairy promotion and research program.
- Sec. 1005. Federal milk marketing orders.
- Sec. 1006. Dairy processing equipment loan guarantee fund.
- Sec. 1007. Federal loan forgiveness program.
- Sec. 1008. Mandatory reporting of dairy commodities.

TITLE II—CONSERVATION

Subtitle A—Conservation Security

- Sec. 2001. Sense of Congress regarding the conservation security program.
- Sec. 2002. Dual eligibility for certified organic farms.
- Sec. 2003. Comprehensive conservation enhancement program.
- Sec. 2004. Conservation security program.

Subtitle B—Conservation Reserve

- Sec. 2011. Conservation reserve program.

Subtitle C—Wetlands Reserve Program

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Subtitle D—Environmental Quality Incentives

- Sec. 2031. Environmental quality incentives program.

Subtitle E—Farmland Protection Program

- Sec. 2041. Farmland protection program.
- Sec. 2042. Debt for agricultural easements.
- Sec. 2043. Farmland Protection Policy Act.

Subtitle F—Cooperative Conservation Partnership Initiative

- Sec. 2051. Cooperative conservation partnership initiative.
- Sec. 2052. Minimum base allocation to States in funding of certain department of agriculture conservation programs.

Subtitle G—Other Conservation Programs

- Sec. 2061. Wildlife habitat incentive program.
- Sec. 2062. Pilot program for comprehensive conservation planning.
- Sec. 2063. Pilot program for conservation risk management.

Subtitle H—Funding and Administration

- Sec. 2071. Funding and administration.
- Sec. 2072. Delivery of technical assistance.
- Sec. 2073. Conservation application process.
- Sec. 2074. Planning for agriculture grants.
- Sec. 2075. Exclusion of payments under Department of Agriculture conservation programs from adjusted gross income limitation.

Subtitle I—Conservation Loan Guarantee Program

Sec. 2081. Conservation loan guarantee program.

TITLE III—TRADE

Sec. 3001. Market access program.

Sec. 3002. Technical assistance for specialty crops.

TITLE IV—NUTRITION PROGRAMS

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Sec. 4001. Definition of thrifty food plan.

Sec. 4002. Exclusion of combat-related military pay from countable income.

Sec. 4003. Deductions from income.

Sec. 4004. Dependent care deduction.

Sec. 4005. Allowable financial resources.

Sec. 4006. Exclusion of retirement accounts from countable financial resources.

Sec. 4007. Simplified reporting.

Sec. 4008. Work requirement.

Sec. 4009. Fairness for legal immigrants.

Sec. 4010. Minimum benefit.

Sec. 4011. Accountability for paperwork requirements.

Sec. 4012. Administrative cost-sharing and quality control.

Sec. 4013. Reauthorization of food stamp program and food distribution program on Indian reservations.

Sec. 4014. Assistance for community food projects.

Sec. 4015. Availability of commodities for the emergency food assistance program.

Sec. 4016. Study on comparable access to food stamp benefits for Puerto Rico.

Subtitle B—Miscellaneous

Sec. 4021. Nutrition information and awareness pilot program.

TITLE V—RURAL DEVELOPMENT

Sec. 5001. Farm and ranch profitability grant program.

Sec. 5002. Definition of rural and rural area.

TITLE VI—FORESTRY

Subtitle A—Cooperative Forestry Assistance Act of 1978

Sec. 6001. Community forest and open space conservation program.

Sec. 6002. Development of National priorities and State forest plans.

Subtitle B—Healthy Forests Restoration Act of 2003

Sec. 6011. Healthy forests reserve program.

TITLE VII—ENERGY

Sec. 7001. Definition of biomass.

Sec. 7002. Federal procurement of biobased products.

Sec. 7003. Biorefinery development grants.

Sec. 7004. Energy audit and renewable energy development program.

Sec. 7005. Renewable energy systems and energy efficiency improvements.

Sec. 7006. Biomass research and development.

Sec. 7007. Cooperative research and extension projects.

- Sec. 7008. Industrial site redevelopment through cellulosic program.
- Sec. 7009. Farm and ranch energy efficiency rebate program.
- Sec. 7010. Alternative uses for biofuel byproducts.
- Sec. 7011. National net metering for farm energy.

TITLE VIII—HEALTH DIETS

- Sec. 8001. Expansion of fresh fruit and vegetable program.
- Sec. 8002. Section 32 specialty crop purchases.
- Sec. 8003. School preference study.
- Sec. 8004. Independent evaluation of commodity purchase process.
- Sec. 8005. WIC farmers’ market nutrition program.
- Sec. 8006. Seniors farmers’ market nutrition program.
- Sec. 8007. Direct-to-consumer promotion program.
- Sec. 8008. Purchases of locally produced foods.

TITLE IX—MISCELLANEOUS

Subtitle A—Organic Agriculture

- Sec. 9001. National organic certification cost-share program.

Subtitle B—Crop Insurance

- Sec. 9011. Provision of organic insurance programs.
- Sec. 9012. Coverage area flexibility.
- Sec. 9013. Crop insurance incentives for beginning farmers and ranchers.
- Sec. 9014. Crop insurance appeals for denial of claims.
- Sec. 9015. Expanded coverage based on historical data.
- Sec. 9016. Reauthorization, expansion, and improvement of adjusted gross revenue insurance pilot program.
- Sec. 9017. Agricultural management assistance program.
- Sec. 9018. Education and risk management assistance.

Subtitle C—General Provisions

- Sec. 9021. Colony collapse disorder.
- Sec. 9022. 100-percent exclusion of gain on sales of conservation easements on farmland to eligible entities for conservation purposes.

1 **SEC. 2. DEFINITION OF SECRETARY.**

2 In this Act, the term “Secretary” means the Sec-
3 retary of Agriculture.

4 **TITLE I—DAIRY**

5 **SEC. 1001. CONTINUATION OF THE MILK INCOME LOSS** 6 **CONTRACT PROGRAM.**

7 (a) CONTINUATION OF PROGRAM; PAYMENT PER-
8 CENTAGE RATE.—Section 1502(c)(3)(C) of the Farm Se-

1 curity and Rural Investment Act of 2002 (7 U.S.C.
 2 7982(c)(3)(C)) is amended by striking “0 percent” and
 3 inserting “and ending on September 30, 2013, 45 per-
 4 cent”.

5 (b) MAXIMUM PAYMENT QUANTITY.—Section
 6 1502(d)(2)) of the Farm Security and Rural Investment
 7 Act of 2002 (7 U.S.C. 7982(d)(2)) is amended in the first
 8 sentence by striking “2,400,000 pounds” and inserting
 9 “4,800,000 pounds”.

10 (c) CONTRACT SIGNUP AND DURATION.—Section
 11 1502 of the Farm Security and Rural Investment Act of
 12 2002 (7 U.S.C. 7982) is amended in subsections (f) and
 13 (g)(1) by striking “September 30, 2007” each place it ap-
 14 pears and inserting “September 30, 2013”.

15 **SEC. 1002. MINIMUM PRICE FOR CLASS I MILK UNDER FED-**
 16 **ERAL MILK MARKETING ORDERS.**

17 Section 8c(5) of the Agricultural Adjustment Act (7
 18 U.S.C. 608c(5)), reenacted with amendments by the Agri-
 19 cultural Marketing Agreement Act of 1937, is amended
 20 by adding at the end the following:

21 “(P) CLASS I MILK PRICING.—

22 “(i) MINIMUM PRICE.—Notwith-
 23 standing any other provision of law, begin-
 24 ning on October 1, 2007, the minimum
 25 price for Class I milk under each Federal

1 milk marketing order issued under this
 2 subsection shall be \$15.58 per hundred-
 3 weight.

4 “(ii) ADJUSTMENT FOR INFLATION.—

5 “(I) IN GENERAL.—Beginning on
 6 October 1, 2008, and each October 1
 7 thereafter, the amount in clause (i)
 8 shall be adjusted by the percent that
 9 equals the total percentage change for
 10 the 12-month period ending the pre-
 11 ceding June 30 in the Consumer Price
 12 Index for All Urban Consumers pub-
 13 lished by the Bureau of Labor Statis-
 14 tics of the Department of Labor.

15 “(II) REQUIREMENT.—Each ad-
 16 justment under subclause (I) shall be
 17 based on the unrounded amount for
 18 the prior 12-month period.”.

19 **SEC. 1003. DAIRY EXPORT INCENTIVE AND DAIRY INDEM-**
 20 **NITY PROGRAMS.**

21 (a) DAIRY EXPORT INCENTIVE PROGRAM.—Section
 22 153(a) of the Food Security Act of 1985 (15 U.S.C. 713a–
 23 14(a)) is amended by striking “2007” and inserting
 24 “2013”.

1 (b) DAIRY INDEMNITY PROGRAM.—Section 3 of Pub-
 2 lic Law 90–484 (7 U.S.C. 450*l*) is amended by striking
 3 “2007” and inserting “2013”.

4 **SEC. 1004. FUNDING OF DAIRY PROMOTION AND RESEARCH**
 5 **PROGRAM.**

6 Section 113(e)(2) of the Dairy Production Stabiliza-
 7 tion Act of 1983 (7 U.S.C. 4504(e)(2)) is amended by
 8 striking “2007” and inserting “2013”.

9 **SEC. 1005. FEDERAL MILK MARKETING ORDERS.**

10 (a) 2-CLASS SYSTEM FOR CLASSIFYING MILK.—

11 (1) IN GENERAL.—Not later than September
 12 30, 2008, the Secretary shall conduct a study of the
 13 economic benefits to milk producers of establishing
 14 a 2-class system for classifying milk under Federal
 15 milk marketing orders issued under section 8c(5) of
 16 the Agricultural Adjustment Act (7 U.S.C. 608c(5)),
 17 reenacted with amendments by the Agricultural
 18 Marketing Agreement Act of 1937, consisting of a
 19 fluid milk class and a manufacturing grade milk
 20 class (with the price for both classes determined
 21 using the component prices of butterfat, protein, and
 22 other solids).

23 (2) AMENDMENT TO ORDERS.—

24 (A) IN GENERAL.—If the Secretary deter-
 25 mines (on the basis of the study conducted

1 under paragraph (1)) that a 2-class system for
2 classifying milk under Federal milk marketing
3 orders would have a positive impact on milk
4 producers, the Secretary submit a report to the
5 Committee on Agriculture of the House of Rep-
6 resentatives and the Committee on Agriculture,
7 Nutrition, and Forestry of the Senate that in-
8 cludes the text of proposed amendments to the
9 Federal milk marketing orders to implement
10 the 2-class system for classifying milk.

11 (B) EFFECTIVE DATE.—The proposed
12 amendments described in subparagraph (A)
13 shall take effect not earlier than the date that
14 is 180 days after the date on which the report
15 is submitted under that subparagraph.

16 (b) DEADLINE FOR ISSUANCE OF ORDERS.—Section
17 8c(4) of the Agricultural Adjustment Act (7 U.S.C.
18 608c(4)), reenacted with amendments by the Agricultural
19 Marketing Agreement Act of 1937, is amended by striking
20 “After” and inserting “Not later than 30 days after”.

21 (c) ADVANCED PRICING.—Section 8c(5) of the Agri-
22 cultural Adjustment Act (7 U.S.C. 608c(5)), reenacted
23 with amendments by the Agricultural Marketing Agree-
24 ment Act of 1937, is amended by adding at the end the
25 following:

1 “(P) ADVANCED PRICING.—Not later than
2 September 30, 2007, in calculating the ad-
3 vanced price of Class I butterfat milk and Class
4 I and II skim milk under Federal milk mar-
5 keting orders, the Secretary shall use the 4-
6 week component prices that are used to cal-
7 culate prices for Class III and Class IV milk,
8 as determined by the Secretary.”.

9 (d) ECONOMIC IMPACT ASSESSMENT.—The Sec-
10 retary shall—

11 (1) carry out a review of the milk–feed ratio
12 during the 1–year period ending on the date of en-
13 actment of this Act; and

14 (2) not later than September 30, 2008, and
15 each time a proposed change in the Federal milk
16 marketing order formulas is considered by the Sec-
17 retary—

18 (A) assess the economic impact, over a 1-
19 and 2-year period, of proposed changes in Fed-
20 eral milk marketing order formulas on—

- 21 (i) milk supply;
22 (ii) farm profitability;
23 (iii) consumer demand; and
24 (iv) market prices;

(B) submit to the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry a report that describes the results of the assessment; and

(C) consider, and include in the record, the results of the assessment before making a decision on any proposed change to the Federal milk marketing order formulas.

SEC. 1006. DAIRY PROCESSING EQUIPMENT LOAN GUARANTEE FUND.

(a) LOANS.—

(1) IN GENERAL.—Section 310B(a) of the Consolidated Farm and Rural Development Act (7 U.S.C. 1932(a)) is amended—

(A) by designating the first through fifth sentences as paragraphs (1) through (5), respectively;

(B) by striking “**SEC 310B.** (a) The Secretary” and inserting the following:

“SEC. 310B. RURAL INDUSTRIALIZATION ASSISTANCE.

“(a) LOANS.—

“(1) IN GENERAL.—The Secretary”;

1 (C) by striking “for the purposes of (1)
2 improving” and inserting “for the purposes
3 of—
4 “(A) improving”;
5 (D) by striking “abatement and control,
6 (2) the conservation” and inserting “abatement
7 and control;
8 “(B) the conservation”;
9 (E) by striking “rural areas, (3) reducing”
10 and inserting “rural areas;
11 “(C) reducing”;
12 (F) by striking “rural areas, and (4) to fa-
13 cilitate economic” and inserting “rural areas;
14 “(D) facilitating economic”; and
15 (G) by striking “foreign trade.” and insert-
16 ing “foreign trade; and
17 “(E) providing processors of dairy prod-
18 ucts with incentives for investing in new equip-
19 ment and technologies by using not more than
20 \$15,000,000 each fiscal year to—
21 “(i) make loans to dairy processors
22 and cooperatives to cover not more than 50
23 percent of the cost of acquisition and adop-
24 tion of new equipment, equipment up-
25 grades, and new technologies—

1 “(I) at a fixed rate of interest
 2 not to exceed the prime lending rate
 3 plus 1 percent; and

4 “(II) with a term of not to ex-
 5 ceed 15 years; and

6 “(ii) guarantee loans made to dairy
 7 processors and cooperatives for the acquisi-
 8 tion and adoption of new dairy equipment,
 9 equipment upgrades, and new technologies,
 10 at a guarantee rate of 90 percent.”.

11 (2) CONFORMING AMENDMENTS.—

12 (A) Section 307(a)(6)(B)(ii) of the Con-
 13 solidated Farm and Rural Development Act (7
 14 U.S.C. 1927(a)(6)(B)(ii)) is amended by strik-
 15 ing “clause (1) of section 310B(a)” and insert-
 16 ing “section 310B(a)(1)(A)”.

17 (B) Section 333A(g)(1)(B) of the Consoli-
 18 dated Farm and Rural Development Act (7
 19 U.S.C. 1983a(g)(1)(B)) is amended by striking
 20 “310B(a)(1)” and inserting “310(a)(1)(A)”.

21 (C) Section 381E(d)(3)(B) of the Consoli-
 22 dated Farm and Rural Development Act (7
 23 U.S.C. 2009d(d)(3)(B)) is amended by striking
 24 “310B(a)(1)” and inserting “310B(a)(1)(A)”.

1 (b) LENDING POWER FOR DAIRY PROCESSING CO-
 2 OPERATIVES.—Section 3.7 of the Farm Credit Act of
 3 1971 (12 U.S.C. 2128) is amended by adding at the end
 4 the following:

5 “(g) DAIRY PROCESSING COOPERATIVES.—

6 “(1) IN GENERAL.—The banks for cooperatives
 7 may use not more than \$15,000,000 each fiscal year
 8 to provide dairy processing cooperatives with work-
 9 ing capital lines of credit and accounts receivable fi-
 10 nancing for the purpose of accessing export mar-
 11 keting opportunities for milk and milk products.

12 “(2) LIMITATIONS.—Financing provided by the
 13 banks for cooperatives for a project under paragraph
 14 (1) may not exceed the lesser of—

15 “(A) \$1,000,000; or

16 “(B) 75 percent of the costs of carrying
 17 out the project.

18 “(3) TERM.—

19 “(A) IN GENERAL.—Except as provided in
 20 subparagraph (B), the term of a line of credit
 21 described in paragraph (1) shall not exceed 24
 22 months.

23 “(B) REVOLVING LINES OF CREDIT.—A
 24 revolving line of credit may be used for multiple
 25 transactions.

1 “(4) DUE DATE.—An accounts receivable fi-
 2 nancing loan under this subsection shall be due on
 3 the earlier of—

4 “(A) the date on which the receivable is
 5 paid; or

6 “(B) 180 days after the date of disburse-
 7 ment.

8 “(5) USE OF FINANCING.—

9 “(A) WORKING CAPITAL LINE OF CREDIT
 10 FINANCING.—Working capital line of credit fi-
 11 nancing under this subsection may be used—

12 “(i) to acquire inventory for the pro-
 13 duction of milk;

14 “(ii) to pay direct and indirect costs
 15 (such as design, engineering, labor, and
 16 overhead costs) used for—

17 “(I) the manufacture or purchase
 18 of goods, including work-in-process,
 19 for the production of milk; or

20 “(II) for the provision of services
 21 for the production of milk; or

22 “(iii) to support standby letters of
 23 credit used as bid bonds, performance
 24 bonds, or payment guarantees.

1 “(B) ACCOUNTS RECEIVABLE FINANC-
 2 ING.—Accounts receivable financing under this
 3 subsection may be used to finance export ac-
 4 counts receivables for milk and milk products
 5 sold on payment terms of not more than 180
 6 days after the date of arrival at the port of im-
 7 portation, if the finance export accounts receiv-
 8 able have been insured by the Commodity Cred-
 9 it Corporation or other guarantor approved by
 10 the Secretary.”.

11 **SEC. 1007. FEDERAL LOAN FORGIVENESS PROGRAM.**

12 The National Agricultural Research, Extension, and
 13 Teaching Policy Act of 1977 (7 U.S.C. 3101 et seq.) is
 14 amended by adding at the end the following:

15 **“Subtitle P—Federal Dairy**
 16 **Education Loan Forgiveness**

17 **“SEC. 1495. SHORT TITLE.**

18 “‘This subtitle may be cited as the ‘Federal Dairy
 19 Education Loan Forgiveness Act’.

20 **“SEC. 1496. DEFINITIONS.**

21 “‘In this subtitle:

22 “(1) FAMILY DAIRY FARM.—The term ‘family
 23 dairy farm’ means the real property of a dairy
 24 farm—

25 “(A) owned by—

1 “(i) 1 or more immediate family mem-
 2 bers; or

3 “(ii) a family dairy farm corporation;
 4 and

5 “(B) used for the production, for commer-
 6 cial purposes, of milk or milk products.

7 “(2) FAMILY DAIRY FARM CORPORATION.—The
 8 term ‘family dairy farm corporation’ means a cor-
 9 poration—

10 “(A) at least 75 percent of the assets of
 11 which are devoted to active involvement in
 12 farming; and

13 “(B) at least 75 percent of each class of
 14 stock of which is continuously owned by 1 or
 15 more immediate family members.

16 “(3) IMMEDIATE FAMILY MEMBER.—The term
 17 ‘immediate family member’ means a spouse, child,
 18 stepchild, parent, stepparent, grandparent, brother,
 19 stepbrother, sister, stepsister, or similar relative-in-
 20 law of an owner of real property, as determined by
 21 the Secretary.

22 “(4) INSTITUTION OF HIGHER EDUCATION.—
 23 The term ‘institution of higher education’ has the
 24 meaning given the term in section 101(a) of the
 25 Higher Education Act of 1965 (20 U.S.C. 1001(a)).

1 “(5) PROGRAM.—The term ‘program’ means
2 the Federal dairy education loan forgiveness pro-
3 gram established under section 1497(a).

4 “(6) QUALIFIED APPLICANT.—The term ‘quali-
5 fied applicant’ means a resident of the United States
6 who, as determined by the Secretary—

7 “(A) holds a 2- or 4-year degree in a field
8 related to the production of agricultural prod-
9 ucts from an institution of higher education;

10 “(B) on or after January 1, 2008, has
11 commenced the first year of full-time ownership
12 or operation of a family dairy farm; and

13 “(C) is the borrower of an outstanding
14 qualified loan as a result of pursuing a degree
15 described in subparagraph (A).

16 “(7) QUALIFIED LOAN.—The term ‘qualified
17 loan’ means—

18 “(A)(i) a loan made, insured, or guaran-
19 teed under section 428 or 428H of the Higher
20 Education Act of 1965 (20 U.S.C. 1078, 1078–
21 8);

22 “(ii) a Federal Direct Stafford Loan or a
23 Federal Direct Unsubsidized Stafford Loan
24 made under section 455 of that Act (20 U.S.C.
25 1087e); or

1 “(iii) a consolidation loan under section
 2 428C of that Act (20 U.S.C. 1078–3), or a
 3 Federal Direct Consolidation Loan under sec-
 4 tion 455 of that Act (20 U.S.C. 1087e), to the
 5 extent that the amount of the loan was used to
 6 repay a loan described in clause (i) or (ii); and

7 “(B) a loan under part B or D of title IV
 8 of that Act (20 U.S.C. 1070 et seq.); or

9 “(C) a loan under a guaranteed student
 10 loan program of the Department.

11 **“SEC. 1497. FEDERAL DAIRY EDUCATION LOAN FORGIVE-**
 12 **NESS PROGRAM.**

13 “(a) IN GENERAL.—Subject to the availability of ap-
 14 propriations, the Secretary shall carry out a Federal dairy
 15 education loan forgiveness program under which the Sec-
 16 retary shall assume the obligation to repay an amount cal-
 17 culated in accordance with subsection (c) for 1 or more
 18 qualified loans made to eligible qualified applicants in ac-
 19 cordance with this section.

20 “(b) ELIGIBILITY.—A qualified applicant shall sub-
 21 mit to the Secretary an application and such documenta-
 22 tion of continued eligibility as the Secretary determines
 23 to be appropriate.

24 “(c) MAXIMUM AMOUNT.—The maximum amount
 25 that the Secretary may repay under the program for each

1 qualified applicant shall be equal to the average annual
 2 cost of tuition at land-grant colleges and universities (as
 3 determined by the Secretary annually), for each year that
 4 the qualified applicant—

5 “(1) is an owner or operator of a family dairy
 6 farm; and

7 “(2) has not otherwise received loan repayment
 8 on behalf of the qualified applicant under this sec-
 9 tion or any other Federal or State program.

10 “(d) PROHIBITION.—Nothing in this section author-
 11 izes the refunding of any repayment of a qualified loan.

12 “(e) EXCLUSION FROM INCOME.—Any payment to,
 13 or on behalf of, a qualified applicant under this subtitle
 14 shall not be included in the gross income of the qualified
 15 applicant for purposes of the Internal Revenue Code of
 16 1986.

17 “(f) AUTHORIZATION OF APPROPRIATIONS.—

18 “(1) IN GENERAL.—There are authorized to be
 19 appropriated such sums as are necessary to carry
 20 out this subtitle.

21 “(2) INSUFFICIENT FUNDS.—If the total
 22 amount of funds appropriated to carry out this sub-
 23 title is insufficient to provide loan repayment under
 24 the program for all eligible qualified applicants, the

1 Secretary shall provide loan repayment to eligible
 2 qualified applicants on a pro rata basis.”.

3 **SEC. 1008. MANDATORY REPORTING OF DAIRY COMMOD-**
 4 **ITIES.**

5 (a) DEFINITIONS.—Section 272 of the Agricultural
 6 Marketing Act of 1946 (7 U.S.C. 1637a) is amended to
 7 read as follows:

8 **“SEC. 272. DEFINITIONS.**

9 “In this subtitle:

10 “(1) DAIRY COMMODITY.—

11 “(A) IN GENERAL.—The term ‘dairy com-
 12 modity’ means a product manufactured from
 13 milk or a milk-derived ingredient.

14 “(B) INCLUSIONS.—The term ‘dairy com-
 15 modity’ includes—

16 “(i) fluid milk;

17 “(ii) cheese;

18 “(iii) butter;

19 “(iv) nonfat dry milk;

20 “(v) skim milk;

21 “(vi) whey products;

22 “(vii) dry proteins (such as a milk
 23 protein concentrate, casein, and a casein-
 24 ate);

25 “(viii) a lactose product; and

1 “(ix) a fresh dairy product (such as
2 yogurt and ice cream).

3 “(2) DAIRY PROCESSOR.—The term ‘dairy proc-
4 essor’ means a person or legal entity that commer-
5 cially processes milk into cheese, butter, nonfat dry
6 milk, or other dairy solids.

7 “(3) SECRETARY.—The term ‘Secretary’ means
8 the Secretary of Agriculture.”.

9 (b) MANDATORY REPORTING.—Section 273 of the
10 Agricultural Marketing Act of 1946 (7 U.S.C. 1637b) is
11 amended—

12 (1) by redesignating subsections (c) and (d) as
13 subsections (d) and (e), respectively; and

14 (2) by striking subsections (a) and (b) and in-
15 serting the following:

16 “(a) DAILY REPORTING.—

17 “(1) IN GENERAL.—The corporate officers or
18 officially-designated representatives of each dairy
19 processor shall report to the Secretary at least once
20 each reporting day, not later than 10:00 a.m. Cen-
21 tral Time, for each sales transaction involving a
22 dairy commodity, information concerning—

23 “(A) the sales price;

24 “(B) the quantity sold;

1 “(C) the location of the sales transaction;
 2 and
 3 “(D) product characteristics, including—
 4 “(i) moisture level;
 5 “(ii) packaging size;
 6 “(iii) grade;
 7 “(iv) if appropriate, fat or protein
 8 level;
 9 “(v) heat level for dried products; and
 10 “(vi) other defining product character-
 11 istics.

12 “(2) PUBLICATION.—The Secretary shall make
 13 the information reported under paragraph (1) avail-
 14 able to the public not less frequently than once each
 15 reporting day, categorized by location and product
 16 characteristics.

17 “(b) WEEKLY REPORTING.—

18 “(1) IN GENERAL.—The corporate officers or
 19 officially-designated representatives of each dairy
 20 processor shall report to the Secretary, on the first
 21 reporting day of each week, not later than 9:00 a.m.
 22 Central Time, for the prior week information con-
 23 cerning—

1 “(A) the sales prices for sales transactions
 2 involving dairy commodities, categorized by
 3 product characteristics; and

4 “(B) the quantities of dairy commodities
 5 sold.

6 “(2) PUBLICATION.—The Secretary shall make
 7 the information reported under paragraph (1) avail-
 8 able to the public on the first reporting day of the
 9 each week, not later than 10:00 a.m. Central Time,
 10 categorized by location and product characteristics.

11 “(3) FEDERAL ORDER PRICES.—The Secretary
 12 shall use weekly prices published under paragraph
 13 (2) to calculate Federal milk marketing order prices.

14 “(c) MONTHLY REPORTING.—

15 “(1) IN GENERAL.—The corporate officers or
 16 officially—designated representatives of each dairy
 17 processor shall report to the Secretary, on the first
 18 reporting day of each month, not later than 9:00
 19 a.m. Central Time, the quantity of all dairy com-
 20 modities processed by the dairy processor during the
 21 prior month.

22 “(2) PUBLICATION.—The Secretary shall make
 23 the information reported under paragraph (1) avail-
 24 able to the public on the first reporting day of the

1 each month, not later than 10:00 a.m. Central Time,
 2 categorized by location and product characteristics.”.

3 **TITLE II—CONSERVATION**

4 **Subtitle A—Conservation Security**

5 **SEC. 2001. SENSE OF CONGRESS REGARDING THE CON-** 6 **SERVATION SECURITY PROGRAM.**

7 It is the sense of Congress that the conservation secu-
 8 rity program established under subchapter A of chapter
 9 2 of subtitle D of title XII of the Food Security Act of
 10 1985 (16 U.S.C. 3838 et seq.) should—

11 (1) be fully funded and implemented on a na-
 12 tionwide basis;

13 (2) have simplified and streamlined payments
 14 and eligibility requirements to increase transparency,
 15 clarity, and ease of use by producers;

16 (3) create a better balance between rewards for
 17 current stewardship and incentives for new conserva-
 18 tion;

19 (4) emphasize payments based on management
 20 intensity (the level of treatment) and the breadth of
 21 resource concerns addressed;

22 (5) reward producers for addressing the most
 23 important resources of concern as determined by
 24 States;

1 (6) provide greater flexibility to States and
2 State technical committees to determine and rank
3 priority resource concerns;

4 (7) provide adequate technical assistance to en-
5 sure that there is the capacity to enroll participants,
6 provide on-site assessment and planning, and to fa-
7 cilitate timely contract renewals and modifications;

8 (8) provide a predictable and reliable stream of
9 revenue based on environmental measures;

10 (9) be universally available and adaptable to all
11 types of farm operations in all regions of the coun-
12 try;

13 (10) have expanded eligibility to include non-in-
14 dustrial private forested land, whether or not the
15 land is incidental to an agricultural operation;

16 (11) provide a minimum annual base payment;

17 (12) be coordinated with other working land
18 conservation programs of the Natural Resources
19 Conservation Service;

20 (13) encourage payments based on carbon se-
21 questration;

22 (14) encourage environmentally-sound methods
23 and practices for the production of sustainable cel-
24 lulosic bioenergy feedstocks; and

1 (15) ensure dual eligibility for certified organic
 2 farms in accordance with the amendments made by
 3 section 2002.

4 **SEC. 2002. DUAL ELIGIBILITY FOR CERTIFIED ORGANIC**
 5 **FARMS.**

6 Section 1238C of the Food Security Act of 1985 (16
 7 U.S.C. 3838c) is amended by adding at the end the fol-
 8 lowing:

9 “(h) DUAL ELIGIBILITY FOR CERTIFIED ORGANIC
 10 FARMS.—

11 “(1) IN GENERAL.—Not later than 60 days
 12 after the date of enactment of this subsection, the
 13 Secretary shall establish a clear, producer-friendly
 14 means by which producers may simultaneously—

15 “(A) certify eligibility under the national
 16 organic program established under the Organic
 17 Foods Production Act of 1990 (7 U.S.C. 6501
 18 et seq.) (referred to in this subsection as the
 19 ‘national organic program’); and

20 “(B) be determined eligible for enrollment
 21 in the conservation security program.

22 “(2) CONTINUOUS ENROLLMENT.—The Sec-
 23 retary shall allow any producer that is certified as
 24 organic under the national organic program to auto-

1 matically enroll in the conservation security pro-
 2 gram.

3 “(3) PRIORITY.—If the Secretary establishes a
 4 system to select participants to enroll in the con-
 5 servation security program from among eligible ap-
 6 plicants, the Secretary shall give priority, within any
 7 class or category of potential participants, to pro-
 8 ducers certified under the national organic pro-
 9 gram.”.

10 **SEC. 2003. COMPREHENSIVE CONSERVATION ENHANCE-**
 11 **MENT PROGRAM.**

12 Section 1230(a)(1) of the Food Security Act of 1985
 13 (16 U.S.C. 3830(a)(1)) is amended by striking “2002”
 14 and inserting “2013”.

15 **SEC. 2004. CONSERVATION SECURITY PROGRAM.**

16 (a) IN GENERAL.—Section 1238A(a) of the Food Se-
 17 curity Act of 1985 (16 U.S.C. 3838a(a)) is amended by
 18 striking “2011” and inserting “2013”.

19 (b) TECHNICAL ASSISTANCE.—Section 1238C(g) of
 20 the Food Security Act of 1985 (16 U.S.C. 3838c(g)) is
 21 amended by striking “2007” and inserting “2013”.

1 **Subtitle B—Conservation Reserve**

2 **SEC. 2011. CONSERVATION RESERVE PROGRAM.**

3 (a) IN GENERAL.—Section 1231(a) of the Food Se-
4 curity Act of 1985 (16 U.S.C. 3831(a)) is amended by
5 striking “2007” and inserting “2013”.

6 (b) ELIGIBLE LAND.—Section 1231(b) of the Food
7 Security Act of 1985 (16 U.S.C. 3831(b)) is amended—

8 (1) in paragraph (1), by striking the period at
9 the end and inserting a semicolon;

10 (2) in paragraph (4)—

11 (A) in subparagraph (C), by striking “or”
12 at the end; and

13 (B) in subparagraph (D), by striking
14 “and” and inserting “or”;

15 (3) in paragraph (5), by striking the period at
16 the end and inserting a “; or”; and

17 (4) by adding at the end the following:

18 “(6) marginal pasture land or hay land that is
19 otherwise ineligible, if the Secretary determines that
20 the land—

21 “(A) is to be devoted to native vegetation
22 appropriate to the locale; and

23 “(B)(i) will provide suitable habitat for a
24 State or federally listed threatened or endan-
25 gered species or a species determined by the

1 Secretary of the Interior to be species of con-
 2 cern; or

3 “(ii) will contribute to the restoration of a
 4 critically endangered ecosystem or endangered
 5 ecosystem, as defined by the Secretary.”.

6 (c) MAXIMUM ENROLLMENT.—Section 1231(d) of
 7 the Food Security Act of 1985 (16 U.S.C. 3831(d)) is
 8 amended—

9 (1) by striking “The Secretary” and inserting
 10 the following:

11 “(1) IN GENERAL.—The Secretary”;

12 (2) in paragraph (1) (as designated by para-
 13 graph (1)), by striking “2007” and inserting
 14 “2013”; and

15 (3) by adding at the end the following:

16 “(2) ENROLLMENT GOALS.—For the period be-
 17 ginning on the date of enactment of this paragraph
 18 and ending on December 31, 2013, the Secretary
 19 shall establish a goal to enroll not less than
 20 7,000,000 acres of eligible land through the contin-
 21 uous enrollment program and the conservation re-
 22 serve enhancement program.

23 “(3) GENERAL SIGNUP.—

24 “(A) IN GENERAL.—To the maximum ex-
 25 tent practicable, the Secretary shall ensure that

not more than 80 percent of the acres maintained in the conservation reserve at any 1 time during the 2008 through 2013 calendar years are acres that were enrolled through a general signup under section 1234(c)(2)(A).

“(B) REQUIREMENTS.—For an offer to be accepted into the conservation reserve under the general signup, the Secretary shall require an offer to have an environmental benefit index score at or above a threshold that is 15 percent higher than the average of the thresholds used in general signups during fiscal years 1996 through 2006, adjusted for changes in the index over those fiscal years.”.

(d) DURATION OF CONTRACT.—Section 1231(e)(3) of the Food Security Act of 1985 (16 U.S.C. 3831(e)(3)) is amended by striking by striking “2002” and inserting “2008”.

(e) EARLY TERMINATION OPTION FOR BIOENERGY PRODUCTION.—Section 1231(e) of the Food Security Act of 1985 (16 U.S.C. 3831(e)) is amended by adding at the end the following:

“(4) EARLY TERMINATION OPTION FOR BIOENERGY PRODUCTION.—

1 “(A) IN GENERAL.—Subject to subpara-
2 graph (B), the Secretary shall offer to pro-
3 ducers applying for entry into the conservation
4 reserve through the general signup under sec-
5 tion 1234(c)(2)(A), the option of including a
6 contract provision to allow the affected acreage
7 to exit from the conservation reserve at any
8 time after an initial period of 3 years but prior
9 to completing a full contract term in order to
10 produce a sustainable cellulosic bioenergy crop
11 on the affected acres.

12 “(B) ELIGIBLE LAND.—Land eligible for
13 the early termination option described in sub-
14 paragraph (A) is land that—

15 “(i) has an erodibility index value of
16 less than 15; and

17 “(ii) is otherwise eligible for enroll-
18 ment in the conservation reserve (other
19 than land that is to be enrolled under the
20 continuous signup or the conservation re-
21 serve enhancement program under section
22 1234(c)(2)(B)).

23 “(C) RESTRICTION.—As a condition of en-
24 tering into a conservation reserve contract with
25 an early termination option, if a producer with

1 the option elects to exercise the option, the pro-
 2 ducer shall be required to restrict any agricul-
 3 tural production during the remaining term
 4 that the affected acres would have had under
 5 the contract to the production of a sustainable
 6 cellulosic bioenergy crop on the land.

7 “(D) PAYMENT REDUCTION.—If a pro-
 8 ducer elects to have the early termination op-
 9 tion included in the conservation reserve con-
 10 tract, the Secretary shall reduce the annual
 11 rental payment otherwise payable for the con-
 12 tract to be paid on those acres during the time
 13 of enrollment.

14 “(E) CONTRACT TERMINATION.—If a pro-
 15 ducer exercises the early termination option to
 16 have the affected acreage leave the reserve in
 17 order to produce a sustainable cellulosic bio-
 18 energy crop, the Secretary shall terminate the
 19 conservation reserve contract and cease making
 20 any payment to the producer for the affected
 21 acres.”.

22 (f) PILOT PROGRAM FOR ENROLLMENT OF WET-
 23 LAND AND BUFFER ACREAGE IN CONSERVATION RE-
 24 SERVE.—Section 1231(h)(1)(A) of the Food Security Act

1 of 1985 (16 U.S.C. 3831(h)(1)(A)) is amended by striking
 2 “2007” and inserting “2013”.

3 (g) BALANCE OF NATURAL RESOURCE PURPOSES.—
 4 Section 1231(j) of the Food Security Act of 1985 (16
 5 U.S.C. 3831(j)) is amended—

6 (1) by striking “In determining” and inserting
 7 the following:

8 “(1) IN GENERAL.—Subject to paragraph (2),
 9 in determining”; and

10 (2) by adding at the end the following:

11 “(2) EQUITABLE BALANCE ACROSS ALL CON-
 12 TRACTS.—In balancing purposes under paragraph
 13 (1), the Secretary is not required to balance all con-
 14 servation purposes with respect to each individual
 15 contract offer.

16 “(3) WILDLIFE.—In considering the extent to
 17 which a contract offer would achieve the conserva-
 18 tion purposes of the conservation reserve program
 19 relating to wildlife habitat, the Secretary shall con-
 20 sider the extent to which the contract offer would—

21 “(A) contribute to increased populations of
 22 wildlife, including waterfowl, nongame grass-
 23 land birds, and neotropical migrants; and

24 “(B) assist in the recovery of at-risk spe-
 25 cies.”.

1 (h) DUTIES OF OWNERS AND OPERATORS.—Section
 2 1232(a) of the Food Security Act of 1985 (16 U.S.C.
 3 3832(a)) is amended—

4 (1) in paragraph (4)—

5 (A) by redesignating subparagraphs (A)
 6 and (B) as subparagraphs (B) and (C), respec-
 7 tively; and

8 (B) by inserting before subparagraph (B)
 9 (as redesignated by subparagraph (A)), the fol-
 10 lowing:

11 “(A) approved vegetative cover shall not
 12 include vegetative cover inappropriate to the lo-
 13 cale;”.

14 (2) by redesignating paragraphs (5) through
 15 (10) as paragraphs (6) through (11); respectively;

16 (3) by inserting after paragraph (4) the fol-
 17 lowing:

18 “(5) to undertake appropriate management ac-
 19 tivities on the land as needed throughout the term
 20 of the contract to achieve the purposes of the con-
 21 servation reserve program;”; and

22 (4) in paragraph (8)(A)(i)(II) (as redesignated
 23 by paragraph (2)), by inserting before the semicolon
 24 at the end “, taking into account grassland types
 25 and species, location, weather conditions, and other

1 factors that determine to what extent harvesting and
2 grazing activities would advance the conservation
3 purposes of the program”.

4 (i) CONSERVATION PLANS.—Section 1232(b)(1) of
5 the Food Security Act of 1985 (16 U.S.C. 3832(b)(1))
6 is amended—

7 (1) in subparagraph (A), by striking “; and”
8 and inserting “, including appropriate management
9 activities required by subsection (a)(5);” and
10 (2) by adding at the end the following:

11 “(C) criteria for conducting any commer-
12 cial use to be permitted, including criteria for
13 managed harvesting and grazing that specifies
14 frequency, timing, number of animal units, per-
15 centage of field, and other criteria to ensure
16 that managed harvesting and grazing advances
17 the conservation purposes of the conservation
18 reserve program; and”.

19 (j) COST-SHARE AND MANAGEMENT ASSISTANCE.—
20 Section 1234(b) of the Food Security Act of 1985 (16
21 U.S.C. 3834(b)) is amended by adding at the end the fol-
22 lowing:

23 “(6) MANAGEMENT COSTS.—The Secretary
24 shall pay 75 percent of the cost of management ac-
25 tivities, including control of invasive species, re-

1 quired under a contract entered into under this sub-
 2 chapter, subject to such limits as the Secretary may
 3 establish.”.

4 (k) ACCEPTANCE OF CONTRACT OFFERS.—Section
 5 1234(c)(3) of the Food Security Act of 1985 (16 U.S.C.
 6 3834(c)(3)) is amended—

7 (1) by striking “In determining” and all that
 8 follows through “take into consideration” in sub-
 9 paragraph (A) and inserting the following:

10 “(A) IN GENERAL.—In determining the ac-
 11 ceptability of contract offers, the Secretary shall
 12 take into consideration”;

13 (2) by striking “benefits; and” and all that fol-
 14 lows through “establish” in subparagraph (B) and
 15 inserting the following: “benefits.

16 “(B) MAXIMIZING ENVIRONMENTAL BENE-
 17 FITS.—The Secretary shall establish criteria for
 18 the acceptance of contract offers that would
 19 maximize environmental benefits, including cri-
 20 teria relating to the characteristics of the land
 21 that is the subject of the contract offer, its loca-
 22 tion, proposed cover and proposed management
 23 practices.

24 “(C) FLEXIBILITY.—The Secretary may
 25 establish”;

1 (3) in subparagraph (C) (as redesignated by
 2 paragraph (2)), by striking “abated” and inserting
 3 “abated, in order to more effectively address specific
 4 State or regional resource concerns and conservation
 5 priorities”; and

6 (4) by adding at the end the following:

7 “(D) RELATIONSHIP TO OTHER CON-
 8 SERVATION PROGRAMS.—In the enrollment of
 9 land in the conservation reserve established
 10 under this subchapter, the Secretary shall give
 11 priority to land that would not produce com-
 12 parable environmental benefits if the land
 13 were—

14 “(i) maintained in agricultural pro-
 15 duction; and

16 “(ii) enrolled in the environmental
 17 quality incentives program established
 18 under chapter 4 of subtitle D or other pro-
 19 gram designed to assist producers in im-
 20 proving the environmental performance of
 21 working agricultural land.”.

22 (l) CONSERVATION RESERVE ENHANCEMENT PRO-
 23 GRAM.—Section 1234(f)(1) of the Food Security Act of
 24 1985 (16 U.S.C. 3834(f)(1)) is amended—

1 (1) by striking “(1)” and all that follows
 2 through “The total” and inserting the following:

3 “(1) AMOUNT.—

4 “(A) IN GENERAL.—Except as provided in
 5 subparagraph (B), the total”; and

6 (2) by adding at the end the following:

7 “(B) EXCEPTION.—The Secretary may
 8 waive subparagraph (A) for persons partici-
 9 pating in a conservation reserve enhancement
 10 program if the Secretary determines that a
 11 waiver is necessary to achieve the objectives of
 12 the conservation reserve enhancement pro-
 13 gram.”.

14 **Subtitle C—Wetlands Reserve** 15 **Program**

16 **SEC. 2021. WETLANDS RESERVE PROGRAM.**

17 (a) IN GENERAL.—Section 1237(c) of the Food Secu-
 18 rity Act of 1985 (16 U.S.C. 3837(c)) is amended by strik-
 19 ing “2007” and inserting “2013”.

20 (b) MAXIMUM ENROLLMENT.—Section 1237(b)(1) of
 21 the Food Security Act of 1985 (16 U.S.C. 3837(b)(1))
 22 is amended by striking “2,275,000 acres” and inserting
 23 “5,000,000 acres”.

24 (c) WETLAND EASEMENT CONSERVATION PLAN.—
 25 Section 1237A(b)(3) of the Food Security Act of 1985(16

1 U.S.C. 3837a(b)(3)) is amended by inserting before the
 2 semicolon at the end the following: “and activities nec-
 3 essary to maintain hydrologic, habitat, and other func-
 4 tional values of the wetlands”.

5 (d) COST-SHARE AND MANAGEMENT ASSISTANCE.—
 6 Section 1237C of the Food Security Act of 1985 (16
 7 U.S.C. 3837c) is amended—

8 (1) in subsection (a)(1), by inserting “including
 9 necessary hydrologic and habitat maintenance activi-
 10 ties,” after “values,”; and

11 (2) in subsection (b), by adding at the end the
 12 following:

13 “(4) MANAGEMENT COSTS.—The Secretary
 14 may make payments to owners in an amount of up
 15 to the full actual cost of undertaking any ongoing or
 16 periodic management activities necessary to main-
 17 tain the functional values of wetland enrolled in the
 18 wetlands reserve program.”.

19 **Subtitle D—Environmental Quality** 20 **Incentives**

21 **SEC. 2031. ENVIRONMENTAL QUALITY INCENTIVES PRO-** 22 **GRAM.**

23 (a) PURPOSES.—Section 1240 of the Food Security
 24 Act of 1985 (16 U.S.C. 3839aa) is amended—

1 (1) in paragraph (2), by inserting “, conserving
2 energy,” after “resources”; and

3 (2) in paragraph (3), by inserting “and con-
4 serve energy,” after “wildlife”.

5 (b) EXTENSION.—Section 1240B(a)(1) of the Food
6 Security Act of 1985 (16 U.S.C. 3839aa–2(a)(1)) is
7 amended by striking “2010” and inserting “2013”.

8 (c) BIDDING DOWN.—Section 1240B of the Food Se-
9 curity Act of 1985 (16 U.S.C. 3839aa–2) is amended by
10 striking subsection (c) and inserting the following:

11 “(c) BIDDING DOWN.—

12 “(1) IN GENERAL.—The Secretary shall not as-
13 sign a higher priority to any application because the
14 applicant is willing to accept a lower cost-share or
15 incentive payment than the applicant would other-
16 wise be entitled to receive.

17 “(2) COST-EFFECTIVENESS.—Nothing in this
18 subsection relieves the Secretary of the obligation,
19 when evaluating applications for cost-share pay-
20 ments and incentive payments—

21 “(A) to evaluate the cost-effectiveness of
22 the proposed conservation practices, systems,
23 and approaches described in the applications;
24 and

1 “(B) to prioritize the most cost-effective
 2 applications in accordance with section
 3 1240C(1).”.

4 (d) COST-SHARE PAYMENT EXCEPTION.—Section
 5 1240B(d)(2) of the Food Security Act of 1985 (16 U.S.C.
 6 3839aa–2(d)(2)) is amended by striking subparagraph (A)
 7 and inserting the following:

8 “(A) LIMITED RESOURCE AND BEGINNING
 9 FARMERS.—

10 “(i) IN GENERAL.—Subject to clause
 11 (ii), the Secretary may increase the
 12 amount provided to a producer under para-
 13 graph (1) to not more than 90 percent if
 14 the producer is a limited resource or begin-
 15 ning farmer or rancher, as determined by
 16 the Secretary.

17 “(ii) LIMITATION.—A cost-share pay-
 18 ment under this paragraph shall not be
 19 less than 115 percent of the amount of the
 20 payment that the Secretary may determine
 21 under paragraph (1).”.

22 (e) ALLOCATION OF FUNDING.—Section 1240B(g) of
 23 the Food Security Act of 1985 (16 U.S.C. 3839aa–2(g))
 24 is amended by striking “2007” and inserting “2013”.

1 (f) EVALUATION OF APPLICATIONS FOR COST-SHARE
 2 PAYMENTS AND INCENTIVE PAYMENTS.—Section 1240C
 3 of the Food Security Act of 1985 (16 U.S.C. 3839aa–3)
 4 is amended to read as follows:

5 **“SEC. 1240C. EVALUATION OF APPLICATIONS FOR COST-**
 6 **SHARE PAYMENTS AND INCENTIVE PAY-**
 7 **MENTS.**

8 “In evaluating applications for cost-share payments
 9 and incentive payments, the Secretary shall—

10 “(1) prioritize applications based on the overall
 11 level of cost-effectiveness of the applications to en-
 12 sure, to the maximum extent practicable, that the
 13 proposed conservation practices, systems, and ap-
 14 proaches are the most efficient means of achieving
 15 the anticipated environmental benefits of the project;

16 “(2) prioritize applications based on how effec-
 17 tively and comprehensively the projects address the
 18 1 or more designated resource concerns;

19 “(3) reward higher levels of environmental per-
 20 formance, such as advanced levels of management
 21 within land management practices;

22 “(4) develop criteria for evaluating applications
 23 that will ensure that national, State, and local con-
 24 servation priorities are effectively addressed; and

1 “(5) prioritize applications that will improve en-
 2 vironmental performance on existing operations.”.

3 (g) CONSERVATION INNOVATION GRANTS.—Section
 4 1240H of the Food Security Act of 1985 (16 U.S.C.
 5 3839aa–8) is amended—

6 (1) in subsection (a), by striking “may” and in-
 7 serting “shall”;

8 (2) in subsection (b)—

9 (A) in the matter before paragraph (1), by
 10 striking “may” and inserting “shall”;

11 (B) in paragraph (2)—

12 (i) in subparagraph (A), by striking
 13 “and” at the end; and

14 (ii) by adding at the end the fol-
 15 lowing:

16 “(C) methane digester research; and”.

17 (C) in paragraph (3), by striking the pe-
 18 riod at the end and inserting “; and”; and

19 (D) by adding at the end the following:

20 “(4) include a plan for technology transfer.”;

21 and

22 (3) by adding at the end the following:

23 “(d) TECHNOLOGY TRANSFER.—To the maximum
 24 extent practicable, the Secretary shall ensure efficient, ef-
 25 fective transfer of innovative technologies and approaches

1 demonstrated through projects that receive funding under
2 this section.

3 “(e) FUNDING.—In addition to amounts made avail-
4 able under section 1241(a)(6) to carry out this chapter,
5 the Secretary shall use to carry out this section, of funds
6 of the Commodity Credit Corporation—

7 “(1) \$40,000,000 for fiscal year 2008;

8 “(2) \$50,000,000 for fiscal year 2009;

9 “(3) \$60,000,000 for fiscal year 2010; and

10 “(4) \$75,000,000 for each of fiscal years 2011
11 through 2013.”.

12 (h) GROUND AND SURFACE WATER CONSERVA-
13 TION.—Section 1240I(c)(1)(C)) of the Food Security Act
14 of 1985 (16 U.S.C. 3839aa–9(c)(1)(C)) is amended by
15 striking “2007” and inserting “2013”.

16 (i) PERFORMANCE INCENTIVES FOR STATES.—Chap-
17 ter 4 of subtitle D of title XII of the Food Security Act
18 of 1985 (16 U.S.C. 3839aa et seq.) is amended by adding
19 at the end the following:

20 **“SEC. 1240J. PERFORMANCE INCENTIVES FOR STATES.**

21 “(a) HIGH LEVEL OF PERFORMANCE BONUS.—For
22 each of fiscal years 2008 through 2013, 10 percent of the
23 funds made available to carry out this chapter shall be
24 reserved by the Secretary for bonus allocations to States
25 that demonstrate a high level of performance in imple-

1 menting the environmental quality incentives program, as
 2 determined by the Secretary in accordance with subsection
 3 (b).

4 “(b) SPECIAL CONSIDERATIONS.—In evaluating
 5 State performance under subsection (a), the Secretary
 6 shall reward States that—

7 “(1) consistently meet the requirements of sec-
 8 tion 1240C in evaluating offers and payments;

9 “(2) dedicate a portion of the annual environ-
 10 mental quality incentives program allocation of the
 11 States to multiproducer cooperative efforts to ad-
 12 dress specific resource concerns;

13 “(3) collaborate with other Federal and State
 14 agencies, local governments, educational institutions,
 15 and for-profit and nonprofit organizations to mon-
 16 itor and evaluate the environmental outcomes associ-
 17 ated with implementation of the environmental qual-
 18 ity incentives program;

19 “(4) demonstrate effective and efficient pro-
 20 gram delivery, including the provision of adequate
 21 technical assistance to all program participants
 22 through—

23 “(A) appropriate staffing; and

24 “(B) cooperation with other Federal,
 25 State, tribal, and local agencies, for-profit and

1 nonprofit organizations, and individuals with
 2 demonstrated expertise in the planning and im-
 3 plementation of conservation practices, systems,
 4 and approaches;

5 “(5) support and encourage innovative ap-
 6 proaches to addressing resource concerns;

7 “(6) effectively leverage Federal funding with
 8 local and State matching funds; and

9 “(7) demonstrate effective outreach and innova-
 10 tive approaches to reaching and serving beginning
 11 farmers and ranchers, limited-resource producers,
 12 and operators with lower rates of historical partici-
 13 pation in Federal farm and conservation programs.”.

14 **Subtitle E—Farmland Protection** 15 **Program**

16 **SEC. 2041. FARMLAND PROTECTION PROGRAM.**

17 (a) DEFINITIONS.—Section 1238H of the Food Secu-
 18 rity Act of 1985 (16 U.S.C. 3838h) is amended—

19 (1) by striking paragraph (2) and inserting the
 20 following:

21 “(2) ELIGIBLE LAND.—

22 “(A) IN GENERAL.—The term ‘eligible
 23 land’ means land on a farm or ranch that is—

24 “(i) cropland;

25 “(ii) rangeland;

1 “(iii) grassland;
 2 “(iv) pasture land; or
 3 “(v) forest land that is an incidental
 4 part of an agricultural operation, as deter-
 5 mined by the Secretary.”;

6 (2) by redesignating paragraph (4) as para-
 7 graph (5);

8 (3) by inserting after paragraph (3) the fol-
 9 lowing:

10 “(4) PERMANENT CONSERVATION EASEMENT.—
 11 The term ‘permanent conservation easement’ means
 12 a conservation easement or other interest in eligible
 13 land that—

14 “(A) is for the primary purpose of pro-
 15 tecting the agricultural production capacity of
 16 the eligible land; and

17 “(B) is permanent or for the maximum du-
 18 ration allowed under State law.”; and

19 (4) by adding at the end the following:

20 “(6) QUALIFIED STATE OR LOCAL ENTITY.—
 21 The term ‘qualified State or local entity’ means a
 22 public or private entity that—

23 “(A) operates a farm and ranch land pro-
 24 tection program that—

1 “(i) has for at least 3 calendar or fis-
 2 cal years used or provided public or private
 3 funds to purchase permanent conservation
 4 easements on not less than 10 farms or
 5 ranches;

6 “(ii) has the necessary authority
 7 under State law, as well as the technical
 8 and financial capacity and natural re-
 9 sources—

10 “(I) to monitor and enforce the
 11 terms of the permanent conservation
 12 easements so that the purpose of the
 13 permanent conservation easements is
 14 carried out for the maximum allow-
 15 able duration; or

16 “(II) in the case of a govern-
 17 mental entity, to require other public
 18 or private holders of the permanent
 19 conservation easements acquired with
 20 public funding to hold, monitor, and
 21 enforce in perpetuity the permanent
 22 conservation easements for the pur-
 23 pose described in subclause (I); and

24 “(iii) has financial control policies to
 25 ensure that, on average, the purchase price

1 of the permanent conservation easements
 2 does not exceed the appraised fair market
 3 value of the permanent conservation ease-
 4 ments; and
 5 “(B) is an eligible entity.”.

6 (b) FARMLAND PROTECTION.—Section 1238I of the
 7 Food Security Act of 1985 (16 U.S.C. 3838i) is amend-
 8 ed—

9 (1) by redesignating subsections (b) and (c) as
 10 subsections (e) and (f), respectively;

11 (2) by striking subsection (a) and inserting the
 12 following:

13 “(a) PROGRAM.—

14 “(1) IN GENERAL.—The Secretary, acting
 15 through the Natural Resources Conservation Service,
 16 shall carry out a farm and ranch land protection
 17 program under which the Secretary shall facilitate
 18 and provide funding for the purchase of conservation
 19 easements or other interests in eligible land for the
 20 purpose of protecting the agricultural production ca-
 21 pacity and natural resources of the land by limiting
 22 incompatible nonagricultural uses of the land.

23 “(2) PRIORITY.—In carrying out the program,
 24 the Secretary shall give the highest priority to pro-
 25 tecting farm and ranch land with prime, unique, or

1 other productive soils that are at risk of non-
 2 agricultural development.

3 “(b) GRANTS.—

4 “(1) IN GENERAL.—The Secretary, acting
 5 through the Natural Resources Conservation Service,
 6 shall use funds made available to carry out this sub-
 7 chapter to award grants to qualified State or local
 8 entities for the purchase of conservation easements
 9 and other interests in land.

10 “(2) DISTRIBUTION.—The Secretary shall dis-
 11 tribute grants described in paragraph (1) among
 12 States based on—

13 “(A) the demonstrated need for farm and
 14 ranch land protection; and

15 “(B) the relative contribution of funds pro-
 16 vided by State or local entities for the protec-
 17 tion of farm and ranch land.

18 “(3) USE OF GRANTS.—A qualified State or
 19 local entity that receives a grant under this sub-
 20 section—

21 “(A) may use the grant funds to purchase
 22 1 or more conservation easements, regardless of
 23 whether the qualified State or local entity has
 24 a pending purchase offer for any of the con-

1 versation easements at the time of receiving the
2 grant;

3 “(B) shall use the grant funds only for the
4 purchase of conservation easements and other
5 interests in land; and

6 “(C) may use up to 10 percent of the
7 amount of the grant for reasonable costs of
8 purchasing and enforcing conservation ease-
9 ments and other interests in land.

10 “(4) REMAINING FUNDS.—Any funds remaining
11 after grants are distributed to qualified State or
12 local entities shall be available to other eligible enti-
13 ties as matching funds for individual purchases of
14 conservation easements and other interests in land.

15 “(c) GRANT AGREEMENTS.—

16 “(1) IN GENERAL.—The Secretary, acting
17 through the Natural Resources Conservation Service,
18 may enter into agreements with qualified State or
19 local entities, under which a State or local entity
20 may purchase conservation easements using a com-
21 bination of the funds of the entity and grant funds
22 made available by the Secretary under subsection
23 (b).

24 “(2) TERMS AND CONDITIONS.—

1 “(A) IN GENERAL.—Subject to subpara-
2 graph (B), an agreement described in para-
3 graph (1) shall stipulate the terms and condi-
4 tions under which qualified State or local enti-
5 ties shall use grant funds distributed by the
6 Secretary under subsection (b).

7 “(B) REQUIREMENTS.—Each agreement
8 shall, in accordance with the purposes of the
9 program under this section—

10 “(i) authorize the State or local entity
11 to determine the criteria and priorities of
12 the entity for purchasing conservation
13 easements and other interests in land;

14 “(ii) authorize the State or local enti-
15 ty to establish terms and conditions for
16 conservation easements and other pur-
17 chases of interests in land, if—

18 “(I) such terms and conditions
19 are adequate under State law to
20 achieve and permit effective enforce-
21 ment of the conservation purposes of
22 the conservation easements or other
23 interests; and

24 “(II) the State or local entity in-
25 cludes a requirement regarding the

1 impervious surfaces to be allowed for
 2 any conservation easement or other
 3 interest in land purchased using grant
 4 funds provided under this section;

5 “(iii) not require a Federal contingent
 6 right of enforcement or reversionary inter-
 7 est in the conservation easement or other
 8 interest in land; and

9 “(iv) allow qualified entities to use up
 10 to 10 percent of the amount of the grant
 11 for reasonable costs of purchasing and en-
 12 forcing conservation easements and other
 13 interests in land.

14 “(d) INDIVIDUAL PURCHASES.—

15 “(1) IN GENERAL.—The Secretary may enter
 16 into agreements with eligible entities under which
 17 the Secretary shall provide matching funds to the el-
 18 igible entities for the purpose of purchasing con-
 19 servations easements or other interests in land on in-
 20 dividual farm and ranch properties.

21 “(2) REQUIREMENTS.—An agreement described
 22 in paragraph (1) shall—

23 “(A) include such terms and conditions as
 24 the Secretary considers appropriate to ensure

1 that the purposes of the farmland protection
2 program are carried out;

3 “(B) not require a Federal contingent right
4 of enforcement or reversionary interest in the
5 conservation easement or other interest in land,
6 if—

7 “(i) the conservation easement or
8 other interest in land is held by a State or
9 local agency; or

10 “(ii) a qualified State or local entity
11 will hold a contingent right of enforcement
12 in the conservation easement or other in-
13 terest in land.”;

14 (3) in subsection (e) (as redesignated by para-
15 graph (1))—

16 (A) by striking “Any highly” and inserting
17 the following:

18 “(1) IN GENERAL.—Notwithstanding subsection
19 (c)(2)(B)(ii), subject to paragraph (2), any highly”;
20 and

21 (B) by adding at the end the following:

22 “(2) PERMANENT CONSERVATION EASE-
23 MENTS.—In the case of a permanent conservation
24 easement, the Secretary may not require the conver-
25 sion of cropland to less intensive uses if, under the

1 conservation plan, soil erosion can be reduced to ‘T’
 2 or below.’; and

3 (4) in paragraph (1) of subsection (f) (as redes-
 4 ignated by paragraph (1))—

5 (A) in subparagraph (A), by striking “sec-
 6 tion 1241(d)” and inserting “1241(a)(4)”;

7 (B) by striking “shall not exceed 50 per-
 8 cent” and inserting the following: “shall not ex-
 9 ceed—

10 “(i) 50 percent”;

11 (C) by striking the period at the end and
 12 inserting “; or”; and

13 (D) by adding at the end the following:

14 “(ii) if a qualified conservation con-
 15 tribution, as defined by section 170(h) of
 16 the Internal Revenue Code of 1986, of at
 17 least 25 percent of the market value is
 18 made by the landowner in connection with
 19 the purchase of a conservation easement or
 20 other interest in land, $\frac{2}{3}$ of the actual cost
 21 of purchasing the conservation easement or
 22 other interest in land.”.

23 **SEC. 2042. DEBT FOR AGRICULTURAL EASEMENTS.**

24 Subchapter B of chapter 2 of subtitle D of title XII
 25 of the Food Security Act of 1985 is amended—

1 (1) by redesignating section 1238J (16 U.S.C.
2 3838j) as 1238K; and

3 (2) by inserting after section 1238I (16 U.S.C.
4 3838i) the following:

5 **“SEC. 1238J. DEBT FOR AGRICULTURAL EASEMENTS.**

6 “(a) DEFINITIONS.—In this section:

7 “(1) CONSERVATION PURPOSES.—The term
8 ‘conservation purposes’ means the permanent protec-
9 tion of agricultural land for continued agricultural
10 use.

11 “(2) GOVERNMENTAL ENTITY.—The term ‘gov-
12 ernmental entity’ means any Federal agency, a State
13 or State agency, or a unit of local government.

14 “(3) RECREATIONAL PURPOSES.—The term
15 ‘recreational purposes’ includes hunting.

16 “(4) WILDLIFE.—The term ‘wildlife’ has the
17 meaning given the term ‘fish or wildlife’ in section
18 2 of the Lacey Act Amendments of 1981 (16 U.S.C.
19 3371).

20 “(b) CONTRACTS ON LOAN SECURITY PROP-
21 ERTIES.—Subject to subsection (c), the Secretary—

22 “(1) may enter into a contract relating to real
23 property for conservation purposes, recreational pur-
24 poses, or wildlife purposes; and

1 “(2) shall offer to enter into a contract relating
2 to real property for conservation purposes if—

3 “(A) the property secures any delinquent
4 loan made under any law administered by the
5 Secretary and held by the Secretary;

6 “(B) at least 50 percent of the property is
7 prime or unique farmland or farmland of state-
8 wide importance, as determined by the Sec-
9 retary; and

10 “(C) the property is reasonably likely to be
11 developed for nonagricultural purposes in the
12 absence of such a contract, as determined by
13 the Secretary.

14 “(c) LIMITATIONS.—The Secretary may enter into a
15 contract described in subsection (b) if—

16 “(1) the property is prime or unique farmland,
17 farmland of statewide importance, wetland, upland,
18 or highly erodible land;

19 “(2) the property is determined by the Sec-
20 retary to be suitable for the purposes of the con-
21 tract;

22 “(3) the property secures any loan made under
23 any law administered by the Secretary and held by
24 the Secretary; and

1 “(4) the contract better enables a qualified bor-
 2 rower to repay the loan in a timely manner, as de-
 3 termined by the Secretary.

4 “(d) TERMS AND CONDITIONS.—The terms and con-
 5 ditions specified in each contract described in subsection
 6 (b) shall—

7 “(1) specify the purposes for which the real
 8 property may be used;

9 “(2) identify the conservation measures to be
 10 taken, and the 1 or more agricultural, recreational,
 11 or wildlife uses to be allowed, with respect to the
 12 real property; and

13 “(3) require the owner of the property to per-
 14 mit the Secretary, and any person or governmental
 15 entity designated by the Secretary, to have access to
 16 the real property for the purpose of monitoring com-
 17 pliance with the contract.

18 “(e) LOAN REDUCTION OR FORGIVENESS.—

19 “(1) IN GENERAL.—Subject to paragraph (2),
 20 the Secretary may reduce or forgive the outstanding
 21 debt of a borrower—

22 “(A) in the case of a borrower to whom the
 23 Secretary has made 1 or more outstanding
 24 loans under laws administered by the Secretary,
 25 by canceling that part of the aggregate amount

1 of the outstanding loans that bears the same
 2 ratio to the aggregate amount as—

3 “(i) the number of acres of the real
 4 property of the borrower that are subject
 5 to the contract; bears to

6 “(ii) the aggregate number of acres
 7 securing the loans; or

8 “(B) in any other case, by treating as pre-
 9 paid that part of the principal amount of a new
 10 loan to the borrower issued and held by the
 11 Secretary under a law administered by the Sec-
 12 retary that bears the same ratio to the principal
 13 amount as—

14 “(i) the number of acres of the real
 15 property of the borrower that are subject
 16 to the contract; bears to

17 “(ii) the aggregate number of acres
 18 securing the new loan.

19 “(2) LIMITATION.—The amount canceled or
 20 treated as prepaid pursuant to paragraph (1) shall
 21 not exceed—

22 “(A) in the case of a delinquent loan, the
 23 greater of—

24 “(i) the value of the land for which
 25 the contract is entered into; or

1 “(ii) the difference between—

2 “(I) the amount of the out-
3 standing loan secured by the land;
4 and

5 “(II) the value of the land;

6 “(B) in the case of a nondelinquent loan,
7 33 percent of the amount of the loan secured
8 by the land; or

9 “(C) for any loan, the difference be-
10 tween—

11 “(i) the fair market value of the land
12 for which the contract is entered into; and

13 “(ii)(I) any reductions required by the
14 terms of the contract; and

15 “(II) the fair market value of the land
16 unrestricted by the contract.

17 “(f) CONSULTATIONS WITH FISH AND WILDLIFE
18 SERVICE.—If the Secretary elects to use the authority
19 provided by this section to enter into contracts for rec-
20 reational or wildlife purposes, the Secretary shall consult
21 with the Secretary of the Interior to—

22 “(1) select real property for which the Sec-
23 retary may enter into contracts for recreational or
24 wildlife purposes under this section;

1 “(2) formulate the terms and conditions of such
2 contracts; and

3 “(3) enforce the contracts.

4 “(g) ENFORCEMENT.—The Secretary, and any per-
5 son or governmental entity designated by the Secretary,
6 may enforce a contract entered into by the Secretary
7 under this section.”.

8 **SEC. 2043. FARMLAND PROTECTION POLICY ACT.**

9 (a) FINDINGS.—Section 1540(a) of the Farmland
10 Protection Policy Act (7 U.S.C. 4201(a)) is amended—

11 (1) by striking the section heading and all that
12 follows through paragraph (3) and inserting the fol-
13 lowing:

14 **“SEC. 1540. FINDINGS, PURPOSES, AND DEFINITIONS.**

15 “(a) FINDINGS.—Congress finds that—

16 “(1) the farmland of the United States is a
17 unique and irreplaceable natural resource critical to
18 the national security of the United States, that pro-
19 vides food, fiber, and renewable energy necessary for
20 the continued welfare of the people of the United
21 States;

22 “(2) each year, a large quantity of United
23 States farmland is unnecessarily and irrevocably
24 converted from actual or potential agricultural use
25 to nonagricultural use;

1 “(3) continued conversion of the United States
 2 farmland base to nonagricultural uses may threaten
 3 the ability of the United States to produce food,
 4 fiber, and renewable energy in sufficient quantities
 5 to meet domestic needs and the demands of export
 6 markets;”;

7 (2) in paragraph (5), by striking “would be pre-
 8 ferred” and inserting “are feasible”;

9 (3) in paragraph (6), by striking “and” at the
 10 end;

11 (4) in paragraph (7), by striking the period at
 12 the end and inserting “; and”; and

13 (5) by adding at the end the following:

14 “(8) the Department of Agriculture and other
 15 Federal agencies should be required—

16 “(A) to ensure that the actions of the Fed-
 17 eral Government do not cause permanently-pro-
 18 tected United States farmland to be irreversibly
 19 converted to nonagricultural uses in cases in
 20 which there are other feasible alternatives; and

21 “(B) to mitigate the loss of any such farm-
 22 land if no feasible alternative exists.”.

23 (b) PURPOSES AND DEFINITIONS.—Section 1540 of
 24 the Farmland Protection Policy Act (7 U.S.C. 4201) is

1 amended by striking subsections (b) and (c) and inserting
 2 the following:

3 “(b) PURPOSES.—The purposes of this subtitle are—

4 “(1) to minimize the extent to which Federal
 5 programs contribute to the irreversible conversion of
 6 farmland to nonagricultural uses; and

7 “(2) to the maximum extent practicable, ensure
 8 that Federal programs are administered in a manner
 9 that is compatible with State, local, and private pro-
 10 grams and policies to protect farmland.

11 “(c) DEFINITIONS.—In this subtitle:

12 “(1) FARMLAND.—The term ‘farmland’
 13 means—

14 “(A) prime farmland;

15 “(B) unique farmland; and

16 “(C) farmland of statewide or local impor-
 17 tance.

18 “(2) FARMLAND OF STATEWIDE OR LOCAL IM-
 19 PORTANCE.—The term ‘farmland of statewide or
 20 local importance’ means farmland, other than prime
 21 farmland or unique farmland, that—

22 “(A) is of statewide or local importance for
 23 the production of food, feed, fiber, forage, oil-
 24 seed, or energy crops, as determined by the ap-

1 appropriate State or 1 or more agencies of a unit
2 of local government; and

3 “(B) the Secretary determines should be
4 considered to be farmland for the purposes of
5 this subtitle.

6 “(3) FEDERAL PROGRAM.—

7 “(A) IN GENERAL.—The term ‘Federal
8 program’ means those activities or responsibil-
9 ities of a department, agency, independent com-
10 mission, or other unit of the Federal Govern-
11 ment that involve—

12 “(i) undertaking, financing, or assist-
13 ing construction or improvement projects;
14 or

15 “(ii) acquiring, managing, or dis-
16 posing of Federal land and facilities.

17 “(B) EXCLUSION.—The term ‘Federal pro-
18 gram’ does not include construction or improve-
19 ment projects that are, as of the effective date
20 of this subtitle—

21 “(i) beyond the planning stage; and

22 “(ii) in the active design or construc-
23 tion stage.

1 “(4) PERMANENTLY-PROTECTED FARMLAND.—

2 The term ‘permanently-protected farmland’ means
3 farmland that is—

4 “(A) subject to a permanent easement for
5 conservation purposes described in clause (i),
6 (ii), or (iii) of section 170(h)(4)(A) of the Inter-
7 nal Revenue Code of 1986;

8 “(B) held by the Federal Government or
9 any State or local unit of government.

10 “(5) PRIME FARMLAND.—

11 “(A) IN GENERAL.—The term ‘prime
12 farmland’ means land that has the best com-
13 bination of physical and chemical characteristics
14 for producing food, feed, fiber, forage, oilseed,
15 and other agricultural crops with minimum in-
16 puts of fuel, fertilizer, pesticides, and labor, and
17 without intolerable soil erosion, as determined
18 by the Secretary.

19 “(B) INCLUSIONS.—The term ‘prime farm-
20 land’ includes land that—

21 “(i) possesses the characteristics de-
22 scribed in subparagraph (A); and

23 “(ii) is being used currently to
24 produce livestock or timber.

1 “(C) EXCLUSION.—The term ‘prime farm-
 2 land’ does not include land already in or com-
 3 mitted to urban development or water storage.

4 “(6) SECRETARY.—The term ‘Secretary’ means
 5 the Secretary of Agriculture.

6 “(7) STATE.—The term ‘State’ means—

7 “(A) each of the several States of the
 8 United States;

9 “(B) the District of Columbia;

10 “(C) the Commonwealth of Puerto Rico;

11 “(D) Guam;

12 “(E) American Samoa;

13 “(F) the Commonwealth of the Northern
 14 Mariana Islands;

15 “(G) the Federated States of Micronesia;

16 “(H) the Republic of the Marshall Islands;

17 “(I) the Republic of Palau; and

18 “(J) the United States Virgin Islands.

19 “(8) UNIQUE FARMLAND.—The term ‘unique
 20 farmland’ means land other than prime farmland or
 21 farmland of statewide or local importance that—

22 “(A) is used for production of specific
 23 high-value food and fiber crops, as determined
 24 by the Secretary; and

“(B) has the special combination of soil quality, location, growing season, and moisture supply needed to economically produce sustained high quality or high yields of specific crops (such as citrus, tree nuts, olives, cranberries, fruits, and vegetables) when treated and managed according to acceptable farming methods.

“(9) UNIT OF THE FEDERAL GOVERNMENT.—

The term ‘unit of the Federal Government’ means each department, agency, independent commission, and other unit of the Federal Government.

“(10) UNIT OF LOCAL GOVERNMENT.—The term ‘unit of local government’ means—

“(A) the government of a county, municipality, town, township, village, or other unit of general government below the State level; or

“(B) a combination of units of local government acting through an areawide agency under State law or an agreement for the formulation of regional development policies and plans.”;

(c) FARMLAND PROTECTION POLICY.—Section 1541 of the Farmland Protection Policy Act (7 U.S.C. 4202) is amended—

1 (1) by striking the section heading and all that
 2 follows through “(a) The Department of Agri-
 3 culture” and inserting the following:

4 **“SEC. 1541. FARMLAND PROTECTION POLICY.**

5 “(a) IN GENERAL.—The Secretary”;

6 (2) by striking subsection (b);

7 (3) in subsection (c), by striking “(c) The De-
 8 partment of Agriculture” and inserting the fol-
 9 lowing:

10 “(f) PROVISION OF INFORMATION.—The Secretary”;

11 and

12 (4) by inserting after subsection (a) the fol-
 13 lowing:

14 “(b) USE OF CRITERIA.—Each unit of the Federal
 15 Government shall, in cooperation with the Secretary, use
 16 the criteria established under subsection (a) to—

17 “(1) identify the quantity of farmland that will
 18 be directly or indirectly converted through proposed
 19 Federal program actions under the jurisdiction of
 20 the unit of the Federal Government; and

21 “(2) to the maximum extent practicable, de-
 22 velop and implement alternative actions—

23 “(A) to minimize the impact of each pro-
 24 posed Federal program action on the conversion
 25 of farmland to nonagricultural uses; and

1 “(B) ensure the compatibility of the pro-
2 posed Federal program action with State, unit
3 of local government, and private programs and
4 policies to protect farmland.

5 “(c) LIMITATION.—

6 “(1) IN GENERAL.—Permanently-protected
7 farmland shall not be subject to conversion to non-
8 agricultural uses by Federal programs unless the
9 Secretary determines that there is no other feasible
10 alternative to the proposed Federal program action.

11 “(2) MITIGATION.—In a case in which a Fed-
12 eral action results in the conversion of permanently-
13 protected farmland to nonagricultural use, the re-
14 sponsible Federal entity shall mitigate the loss of the
15 permanently-protected farmland with the protection
16 of an equal amount of permanently-protected farm-
17 land that is of equal or greater quality to the con-
18 verted land.

19 “(d) ANNUAL REPORT.—

20 “(1) IN GENERAL.—Each unit of the Federal
21 Government shall submit to the Secretary an annual
22 report containing the information required under
23 subsection (b).

1 “(2) AVAILABILITY.—The Secretary shall make
2 each report described in paragraph (1) available to
3 the public on an annual basis.

4 “(e) ENFORCEMENT.—Any unit of the Federal Gov-
5 ernment, State, unit of local government, organization, or
6 individual aggrieved by a violation of any of the provisions
7 of this subtitle shall have a civil cause of action against
8 the unit of the Federal Government committing the viola-
9 tion.”.

10 (d) EXISTING POLICIES AND PROCEDURES.—Section
11 1542 of the Farmland Protection Policy Act (7 U.S.C.
12 4203) is amended—

13 (1) by striking the section heading and all that
14 follows through “or other unit” in subsection (a)
15 and inserting the following:

16 **“SEC. 1542. EXISTING POLICIES AND PROCEDURES.**

17 “(a) IN GENERAL.—Each unit”; and

18 (2) by striking subsection (b) and inserting the
19 following:

20 “(b) REQUIREMENT.—Each unit of the Federal Gov-
21 ernment, with the assistance of the Secretary, shall, as
22 appropriate, bring the programs, authorities, and adminis-
23 trative activities of the unit of the Federal Government
24 into conformity with the purposes and policy of this sub-
25 title.”.

1 (e) TECHNICAL ASSISTANCE.—Section 1543 of the
 2 Farmland Protection Policy Act (7 U.S.C. 4204) is
 3 amended to read as follows:

4 **“SEC. 1543. TECHNICAL ASSISTANCE.**

5 “The Secretary shall provide to States, units of local
 6 government, nonprofit organizations, and the general pub-
 7 lic technical assistance to assist in the development of pro-
 8 grams or policies to limit the conversion of farmland to
 9 nonagricultural uses.”.

10 (f) FARMLAND RESOURCE INFORMATION.—Section
 11 1544 of the Farmland Protection Policy Act (7 U.S.C.
 12 4205) is amended to read as follows:

13 **“SEC. 1544. FARMLAND RESOURCE INFORMATION.**

14 “(a) IN GENERAL.—The Secretary, through existing
 15 agencies or interagency groups, and in cooperation with
 16 nonprofit organizations or the cooperative extension serv-
 17 ices of the States, shall—

18 “(1) design and implement educational pro-
 19 grams and materials emphasizing the importance of
 20 productive farmland to the well-being of the United
 21 States; and

22 “(2) distribute educational materials through
 23 communications media, schools, groups, and other
 24 Federal agencies.

25 “(b) FARMLAND INFORMATION CENTERS.—

1 “(1) IN GENERAL.—The Secretary shall des-
 2 ignate 1 or more farmland information centers to
 3 provide technical assistance and serve as central de-
 4 positories and distribution points for information on
 5 farmland issues.

6 “(2) INCLUSIONS.—Information provided by the
 7 1 or more farmland information centers shall—

8 “(A) include on-line access to data on land
 9 cover; and

10 “(B) use changes and trends and lit-
 11 erature, laws, historical archives, policies, pro-
 12 grams, and innovative actions or proposals by
 13 local and State governments or nonprofit orga-
 14 nizations relating to farmland protection.

15 “(c) FUNDING.—

16 “(1) IN GENERAL.—Funding for subsection (b)
 17 shall—

18 “(A) be provided through the farmland
 19 protection program established under sub-
 20 chapter B of chapter 2 of subtitle D of title XII
 21 of the Food Security Act of 1985 (16 U.S.C.
 22 3838h et seq.);

23 “(B) not exceed $\frac{1}{2}$ of 1 percent of annual
 24 appropriations for that program; and

1 “(C) be not less than \$400,000 for each
2 fiscal year.

3 “(2) MATCHING FUNDS.—Federal funding for
4 the 1 or more farmland information centers shall be
5 matched on a 1-to-1 basis with non-Federal funds,
6 through cash or in-kind contributions.”.

7 (g) IMPLEMENTATION.—Section 1545 of the Farm-
8 land Protection Policy Act (7 U.S.C. 4206) is amended
9 to read as follows:

10 **“SEC. 1545. IMPLEMENTATION.**

11 “Except as provided in sections 1544 and 1548, the
12 Secretary shall carry out this subtitle using existing facili-
13 ties and funds otherwise available, through the use of
14 grants, contracts, or such other means as the Secretary
15 considers to be appropriate.”.

16 (h) REPORTS.—Section 1546 of the Farmland Pro-
17 tection Policy Act (7 U.S.C. 4207) is amended to read
18 as follows:

19 **“SEC. 1546. REPORT.**

20 “(a) IN GENERAL.—At the beginning of each cal-
21 endar year, the Secretary shall submit to the Committee
22 on Agriculture of the House of Representatives and the
23 Committee on Agriculture, Nutrition, and Forestry of the
24 Senate a report describing the progress made in imple-
25 menting this subtitle.

1 “(b) INCLUSIONS.—An annual report under sub-
2 section (a) shall include—

3 “(1) data on the conversion of farmland to non-
4 agricultural uses at the national, State, and, as
5 available, local level;

6 “(2) information on the effects of Federal pro-
7 grams, authorities, and administrative activities with
8 respect to the protection of United States farmland;
9 and

10 “(3) the results of the data collected and re-
11 views and actions taken as required under sections
12 1541 and 1542.”.

13 (i) STATEMENT OF LIMITATION.—Section 1547 of
14 the Farmland Protection Policy Act (7 U.S.C. 4208) is
15 amended—

16 (1) by striking the section heading and all that
17 follows through “(a) This subtitle” and inserting the
18 following:

19 **“SEC. 1547. STATEMENT OF LIMITATION.**

20 “(a) IN GENERAL.—This subtitle”; and

21 (2) by striking “(b) None of” and inserting the
22 following:

23 “(b) NATIONAL EMERGENCIES.—None of”.

24 (j) REPEALS.—The Farmland Protection Policy Act
25 is amended by striking sections 1548, 1549, 1550, 1552,

1 1553, and 1554 (7 U.S.C. 4209, 4201 note, 2273; 16
2 U.S.C. 3471, 3472, 3473).

3 (k) NATIONAL AGRICULTURAL LAND COMMISSION.—
4 The Farmland Protection Policy Act is amended by insert-
5 ing after section 1547 (7 U.S.C. 4208) the following:

6 **“SEC. 1548. NATIONAL AGRICULTURAL LAND COMMISSION.**

7 “(a) ESTABLISHMENT.—There is established a com-
8 mission to be known as the ‘National Agricultural Land
9 Commission’ (referred to in this section as the ‘Commis-
10 sion’).

11 “(b) MEMBERSHIP.—

12 “(1) COMPOSITION.—The Commission shall be
13 composed of 23 members, of whom—

14 “(A) 1 shall be the Secretary, who shall be
15 the Chairperson of the Commission;

16 “(B) 10 members shall be appointed by the
17 President, from among individuals who are rep-
18 resentatives of State and local governments,
19 academia, nonprofit conservation organizations,
20 and farm, forest, and ranch interests;

21 “(C) 6 shall be members, or designees of
22 members, of the Committee on Agriculture of
23 the House of Representatives; and

1 “(D) 6 shall be members, or designees of
 2 members of the Committee on Agriculture, Nu-
 3 trition, and Forestry of the Senate.

4 “(2) TERM; VACANCIES.—

5 “(A) TERM.—A member shall be appointed
 6 for the life of the Commission.

7 “(B) VACANCIES.—A vacancy on the Com-
 8 mission—

9 “(i) shall not affect the powers of the
 10 Commission; and

11 “(ii) shall be filled in the same man-
 12 ner as the original appointment was made.

13 “(3) INITIAL MEETING.—Not later than 30
 14 days after the date on which all members of the
 15 Commission have been appointed, the Commission
 16 shall hold the initial meeting of the Commission.

17 “(4) MEETINGS.—The Commission shall meet
 18 at the call of the Chairperson.

19 “(c) DUTIES.—

20 “(1) STUDY.—

21 “(A) IN GENERAL.—The Commission
 22 shall—

23 “(i) conduct a study of all matters re-
 24 lating to the importance of protecting an
 25 adequate agricultural land base to home-

1 land security, food security, energy secu-
2 rity, environmental quality, and quality of
3 life in the United States; and

4 “(ii) develop recommendations by
5 which the Federal Government can encour-
6 age the retention of agricultural land at
7 the national, State, and local levels.

8 “(B) REQUIREMENTS.—In conducting the
9 study, the Commission shall—

10 “(i) identify the quality, quantity, and
11 location of the agricultural land in the
12 United States;

13 “(ii) identify and define the effects of
14 urbanization, industrial, and commercial
15 development and other nonagricultural ac-
16 tivities on the United States agricultural
17 land base;

18 “(iii) identify and define the implica-
19 tions for the United States agricultural
20 land base of—

21 “(I) global and national popu-
22 lation trends and the projected inter-
23 national and domestic demand for
24 food and energy production from the
25 United States agricultural land;

1 “(II) national land use trends
2 and competing demands on the
3 United States agricultural land as a
4 source for housing, industrial, and
5 commercial development, food, fiber
6 and energy production, and rec-
7 reational and environmental amen-
8 ities;

9 “(III) national environmental
10 trends and the capacity of the United
11 States agricultural land to contribute
12 to improvements in water quality and
13 quantity, air quality, and carbon se-
14 questration;

15 “(IV) agricultural land loss by
16 region and the projected impact of the
17 land loss on the food and energy secu-
18 rity, natural resources, and economy
19 of the region;

20 “(V) land ownership patterns and
21 the impact of the patterns on the se-
22 curity of the United States agricul-
23 tural land base;

24 “(VI) State and local programs,
25 policies, and actions effecting or sup-

1 porting agricultural land availability;
2 and

3 “(VII) Federal programs, poli-
4 cies, and actions affecting or sup-
5 porting agricultural land availability;
6 and

7 “(iv) explore methods by which the
8 Federal Government can encourage reten-
9 tion of the United States agricultural land
10 base at the Federal, State, and local levels.

11 “(2) REPORTS.—

12 “(A) INTERIM REPORT.—Not later than 18
13 months after the date of enactment of this
14 paragraph, the Commission shall submit to the
15 President and Congress an interim report that
16 contains—

17 “(i) the analysis by the Commission of
18 existing data; and

19 “(ii) any needs of the Commission for
20 additional information.

21 “(B) FINAL REPORT.—Not later than 3
22 years after the date of enactment of this para-
23 graph, the Commission shall submit to the
24 President and Congress a final report that con-
25 tains—

1 “(i) a detailed statement of the find-
2 ings and conclusions of the Commission;
3 and

4 “(ii) the recommendations of the
5 Commission for such legislation and ad-
6 ministrative actions as the Commission
7 considers appropriate.

8 “(d) POWERS.—

9 “(1) HEARINGS.—The Commission may hold
10 such hearings, meet and act at such times and
11 places, take such testimony, and receive such evi-
12 dence as the Commission considers advisable to
13 carry out this section.

14 “(2) INFORMATION FROM FEDERAL AGEN-
15 CIES.—

16 “(A) IN GENERAL.—The Commission may
17 secure directly from a Federal agency such in-
18 formation as the Commission considers nec-
19 essary to carry out this section.

20 “(B) PROVISION OF INFORMATION.—On
21 request of the Chairperson of the Commission,
22 the head of the agency shall provide the infor-
23 mation to the Commission.

24 “(3) POSTAL SERVICES.—The Commission may
25 use the United States mails in the same manner and

1 under the same conditions as other agencies of the
2 Federal Government.

3 “(4) GIFTS.—The Commission may accept, use,
4 and dispose of gifts or donations of services or prop-
5 erty.

6 “(e) COMMISSION PERSONNEL MATTERS.—

7 “(1) COMPENSATION OF MEMBERS.—

8 “(A) NON-FEDERAL EMPLOYEES.—A
9 member of the Commission who is not an offi-
10 cer or employee of the Federal Government
11 shall be compensated at a rate equal to the
12 daily equivalent of the annual rate of basic pay
13 prescribed for level IV of the Executive Sched-
14 ule under section 5315 of title 5, United States
15 Code, for each day (including travel time) dur-
16 ing which the member is engaged in the per-
17 formance of the duties of the Commission.

18 “(B) FEDERAL EMPLOYEES.—A member
19 of the Commission who is an officer or em-
20 ployee of the Federal Government shall serve
21 without compensation in addition to the com-
22 pensation received for the services of the mem-
23 ber as an officer or employee of the Federal
24 Government.

1 “(2) TRAVEL EXPENSES.—A member of the
2 Commission shall be allowed travel expenses, includ-
3 ing per diem in lieu of subsistence, at rates author-
4 ized for an employee of an agency under subchapter
5 I of chapter 57 of title 5, United States Code, while
6 away from the home or regular place of business of
7 the member in the performance of the duties of the
8 Commission.

9 “(3) STAFF.—

10 “(A) IN GENERAL.—The Chairperson of
11 the Commission may, without regard to the civil
12 service laws (including regulations), appoint
13 and terminate an executive director and such
14 other additional personnel as are necessary to
15 enable the Commission to perform the duties of
16 the Commission.

17 “(B) CONFIRMATION OF EXECUTIVE DI-
18 RECTOR.—The employment of an executive di-
19 rector shall be subject to confirmation by the
20 Commission.

21 “(C) COMPENSATION.—

22 “(i) IN GENERAL.—Except as pro-
23 vided in subparagraph (B), the Chair-
24 person of the Commission may fix the com-
25 pensation of the executive director and

1 other personnel without regard to the pro-
2 visions of chapter 51 and subchapter III of
3 chapter 53 of title 5, United States Code,
4 relating to classification of positions and
5 General Schedule pay rates.

6 “(ii) MAXIMUM RATE OF PAY.—The
7 rate of pay for the executive director and
8 other personnel shall not exceed the rate
9 payable for level V of the Executive Sched-
10 ule under section 5316 of title 5, United
11 States Code.

12 “(f) AUTHORIZATION OF APPROPRIATIONS.—There
13 is authorized to be appropriated to carry out this section
14 \$2,000,000 for each of fiscal years 2009 through 2011,
15 to remain available until expended.

16 “(g) TERMINATION OF COMMISSION.—The Commis-
17 sion shall terminate 90 days after the date on which the
18 Commission submits the report of the Commission under
19 subsection (c)(2)(B).”.

1 **Subtitle F—Cooperative Conserva-**
 2 **tion Partnership Initiative**

3 **SEC. 2051. COOPERATIVE CONSERVATION PARTNERSHIP**
 4 **INITIATIVE.**

5 (a) IN GENERAL.—Subtitle D of title XII of the Food
 6 Security Act of 1985 (16 U.S.C. 3830 et seq.) is amended
 7 by adding at the end the following:

8 **“CHAPTER 6—COOPERATIVE CONSERVA-**
 9 **TION PARTNERSHIP INITIATIVE**

10 **“SEC. 1240S. COOPERATIVE CONSERVATION PARTNERSHIP**
 11 **INITIATIVE.**

12 “(a) DEFINITIONS.—In this section:

13 “(1) ELIGIBLE CONSERVATION PROGRAM.—The
 14 term ‘eligible conservation program’ means—

15 “(A) the continuous signup portion of the
 16 conservation reserve program established under
 17 subchapter B of chapter 1;

18 “(B) a special conservation reserve en-
 19 hancement program described in section
 20 1234(f)(4);

21 “(C) the environmental quality incentives
 22 program established under chapter 4, including
 23 the ground and surface water conservation pro-
 24 gram under section 1240I;

1 “(D) the farmland protection program es-
 2 tablished under subchapter B of chapter 2;

3 “(E) the grassland reserve program estab-
 4 lished under subchapter C of chapter 2;

5 “(F) the wetlands reserve program estab-
 6 lished under subchapter C of chapter 1; and

7 “(G) the wildlife habitat incentive program
 8 established under section 1240N.

9 “(2) ELIGIBLE ENTITY.—The term ‘eligible en-
 10 tity’ means—

11 “(A) a State, including an agency of a
 12 State;

13 “(B) a political subdivision of a State, in-
 14 cluding a State-sponsored conservation district;

15 “(C) an Indian tribe; and

16 “(D) a nongovernmental organization or
 17 association, including—

18 “(i) a producer association;

19 “(ii) a farmer cooperative;

20 “(iii) an extension association; and

21 “(iv) a conservation organization with
 22 a history of working cooperatively with
 23 producers to effectively address resource
 24 concerns related to agricultural production,
 25 as determined by the Secretary.

1 “(b) GRANTS AND AGREEMENTS.—

2 “(1) IN GENERAL.—The Secretary shall make
3 grants and enter into agreements with eligible enti-
4 ties to preferentially enroll producers in 1 or more
5 of eligible conservation programs to carry out special
6 projects and initiatives through which multiple pro-
7 ducers and other interested persons cooperate to ad-
8 dress specific resources of concern relating to agri-
9 cultural production on a local, State, or regional
10 scale.

11 “(2) TERM.—Grants and agreements described
12 in paragraph (1) shall have a term of—

13 “(A) not less than 2 years; and

14 “(B) not more than 5 years.

15 “(c) APPLICATIONS.—

16 “(1) COMPETITIVE PROCESS.—The Secretary
17 shall establish a competitive process for considering
18 applications for grants or agreements under this sec-
19 tion consistent with the evaluation criteria described
20 in subsection (d).

21 “(2) PROGRAM ALLOCATION.—An application
22 for a grant or agreement under this section shall in-
23 clude—

24 “(A) specification of the amount of fund-
25 ing or quantity of acres, or both, of 1 or more

1 eligible conservation programs proposed to be
 2 allocated to carry out the special project or ini-
 3 tiative; and

4 “(B) a schedule for use of funding or acres
 5 over the life of the proposed project or initia-
 6 tive.

7 “(d) EVALUATION CRITERIA.—In evaluating applica-
 8 tions for grants or agreements under this section, the Sec-
 9 retary shall consider the extent to which—

10 “(1) preferential enrollment in the eligible con-
 11 servation program specified in the application will
 12 effectively address the environmental objectives es-
 13 tablished for the special project or initiative; and

14 “(2) the special project or initiative covered by
 15 the application—

16 “(A) enjoys broad local and regional sup-
 17 port from producers and other interested per-
 18 sons, including governmental and nongovern-
 19 mental organizations with appropriate expertise
 20 on the issues the project or initiative seeks to
 21 address;

22 “(B) includes clear environmental objec-
 23 tives and a high likelihood of success;

24 “(C) includes a well-defined project or ini-
 25 tiative plan that identifies sensitive areas re-

1 quiring treatment and prioritizes conservation
2 systems, practices, and activities needed to
3 achieve environmental objectives;

4 “(D) promises adequate and coordinated
5 participation to achieve the objectives of the
6 project or initiative;

7 “(E) coordinates integration of Federal,
8 State, and local efforts to make the best use of
9 available resources and maximize cost-effective
10 investments;

11 “(F) leverages financial and technical re-
12 sources from sources other than the conserva-
13 tion programs authorized by this subtitle, in-
14 cluding financial and technical resources pro-
15 vided by Federal and State agencies, local gov-
16 ernments, nongovernmental organizations and
17 associations, and other private sector entities;

18 “(G) describes how all necessary technical
19 assistance will be provided to each producer
20 participating in the project or initiative, includ-
21 ing cost estimates for technical assistance and
22 whether such assistance will be provided by
23 technical service providers;

1 “(H) describes how the administrative
2 costs of the project or initiative will be mini-
3 mized;

4 “(I) addresses 1 or more local, State, re-
5 gional, or national environmental priorities,
6 with particular emphasis on any priority for
7 which there is an existing State or federally-ap-
8 proved plan in place for addressing that pri-
9 ority;

10 “(J) includes a plan to evaluate progress
11 and measure results; and

12 “(K) clearly demonstrates that enrollment
13 of producers in eligible conservation programs
14 will be consistent with the purposes and policies
15 of each eligible conservation program, as estab-
16 lished in law (including rules, regulations, and
17 program guidance promulgated by imple-
18 menting agencies).

19 “(e) PRIORITIES.—To the maximum extent prac-
20 ticable, consistent with subsections (c) and (d), the Sec-
21 retary shall ensure that, for each fiscal year, grants are
22 awarded and agreements are entered into under this sec-
23 tion to support projects and initiatives that collectively ad-
24 dress the resource concerns facing producers, ranchers,

1 and small private forest landowners, specifically including
2 projects and initiatives that are designed—

3 “(1) to achieve improvements in water quality
4 in watersheds impacted by agriculture, particularly
5 by increasing the participation of producers in im-
6 plementing best management practices in a water-
7 shed or developing environmentally and economically
8 viable alternative uses for manure and litter;

9 “(2) to achieve improvements in air quality in
10 a geographical area in which agricultural operations
11 impact air quality, especially an area that, as deter-
12 mined by the Administrator of the Environmental
13 Protection Agency, is a nonattainment area with re-
14 spect to any of the national primary and secondary
15 ambient air quality standards promulgated by the
16 Administrator under section 109 of the Clean Air
17 Act (42 U.S.C. 7409);

18 “(3) to conserve water for environmental pur-
19 poses, such as enhanced stream flows or aquifer re-
20 charge in regions, States, or local areas in which
21 water quantity is a concern;

22 “(4) to assist in the recovery of Federal or
23 State-listed endangered species or species of special
24 concern or to further the goals and objectives of the
25 comprehensive wildlife conservation plan of a State

1 through the cooperative efforts of multiple pro-
2 ducers;

3 “(5) to control invasive species on rangeland or
4 other agricultural land through the cooperative ef-
5 forts of multiple producers in a geographical area;

6 “(6) to address 1 or more specific resources of
7 concern on private, non-industrial forest land;

8 “(7) to reduce losses of pesticides to the envi-
9 ronment by engaging multiple producers in a geo-
10 graphic area in adoption of integrated pest manage-
11 ment practices and approaches; and

12 “(8) to keep in production farms and ranches
13 facing development pressures in agricultural use.

14 “(f) COST SHARE.—

15 “(1) IN GENERAL.—Except as provided in para-
16 graph (2), the Secretary shall not require more than
17 25 percent of the cost of a project or initiative sup-
18 ported under a grant or agreement entered into
19 under this section to be derived from non-Federal
20 sources.

21 “(2) EXCEPTION.—The Secretary may give
22 greater priority to projects or initiatives that offer to
23 provide a higher percentage of the cost of the project
24 or initiative from non-Federal sources.

1 “(3) IN-KIND CONTRIBUTIONS.—If the Sec-
 2 retary establishes a cost-share requirement for a
 3 project or initiative, the Secretary shall allow the use
 4 of in-kind contributions to fulfill that requirement.

5 “(g) FUNDING.—

6 “(1) IN GENERAL.—Of the funds made avail-
 7 able for each fiscal year to carry out the eligible con-
 8 servation programs, to provide funding for grants
 9 and agreements entered into under this section, the
 10 Secretary shall reserve—

11 “(A) 5 percent for fiscal year 2008;

12 “(B) 10 percent for fiscal year 2009;

13 “(C) 15 percent for fiscal year 2010; and

14 “(D) 20 percent for each of fiscal years
 15 2011 through 2013.

16 “(2) ALLOCATION TO STATES.—Using the
 17 method of allocation for States under each eligible
 18 conservation program, the Secretary shall allocate to
 19 States 75 percent of the funds reserved under para-
 20 graph (1) for each fiscal year to allow State Con-
 21 servationists of the Natural Resources Conservation
 22 Service, with the advice of State technical commit-
 23 tees, to select projects and initiatives for funding
 24 under this section at the State level.”.

1 (b) CONFORMING AMENDMENT.—Section 1243 of the
 2 Food Security Act of 1985 (16 U.S.C. 3843) is amended
 3 by striking subsection (f).

4 **SEC. 2052. MINIMUM BASE ALLOCATION TO STATES IN**
 5 **FUNDING OF CERTAIN DEPARTMENT OF AG-**
 6 **RICULTURE CONSERVATION PROGRAMS.**

7 Section 1241 of the Food Security Act of 1985 (16
 8 U.S.C. 3841) is amended by striking subsection (d) and
 9 inserting the following:

10 “(d) MINIMUM BASE ALLOCATION TO STATES FOR
 11 CERTAIN CONSERVATION PROGRAMS.—

12 “(1) IN GENERAL.—In allocating funds to
 13 States to implement the conservation programs
 14 under subtitle D (excluding the conservation reserve
 15 program under subchapter B of chapter 1, the wet-
 16 lands reserve program under subchapter C of chap-
 17 ter 1, the conservation security program under sub-
 18 chapter A of chapter 2, and the grassland reserve
 19 program under subchapter C of chapter 2), the Sec-
 20 retary shall ensure that each State receives, at a
 21 minimum, \$15,000,000 for each of fiscal years 2007
 22 through 2013.

23 “(2) EXCEPTION.—The Secretary shall ensure
 24 that any funds made available under chapter 6 of
 25 subtitle D to carry out a project in or adjacent to

1 a State are over and above the minimum base alloca-
 2 tion in paragraph (1).”.

3 **Subtitle G—Other Conservation** 4 **Programs**

5 **SEC. 2061. WILDLIFE HABITAT INCENTIVE PROGRAM.**

6 Section 1240N of the Food Security Act of 1985 (16
 7 U.S.C. 3839bb–1) is amended by adding at the end the
 8 following:

9 “(d) INCENTIVE PAYMENTS FOR CERTAIN AGREE-
 10 MENTS AND APPLICATIONS.—In a case in which the Sec-
 11 retary enters into an agreement or contract to protect or
 12 restore habitat for a federally- or State-listed endangered,
 13 threatened, or candidate species or for applications that
 14 further the goals and objectives of the comprehensive wild-
 15 life conservation plan of a State, the Secretary may pro-
 16 vide incentive payments to landowners to protect or re-
 17 store the habitat, including the cost of management activi-
 18 ties needed during the term of the agreement or con-
 19 tract.”.

20 **SEC. 2062. PILOT PROGRAM FOR COMPREHENSIVE CON-** 21 **SERVATION PLANNING.**

22 Chapter 5 of subtitle D of title XII of the Food Secu-
 23 rity Act of 1985 (16 U.S.C. 3839bb et seq.) is amended
 24 by adding at the end the following:

1 **“SEC. 1240Q. PILOT PROGRAM FOR COMPREHENSIVE CON-**
 2 **SERVATION PLANNING.**

3 “(a) IN GENERAL.—The Secretary shall establish a
 4 pilot program to undertake comprehensive conservation
 5 planning to assist producers before the producers apply
 6 for assistance under any of the conservation programs au-
 7 thorized by this subtitle.

8 “(b) CONSERVATION PLANNING ASSISTANCE.—

9 “(1) IN GENERAL.—In carrying out the pilot
 10 program under subsection (a), the Secretary shall
 11 establish 4 pilot projects at the locations specified in
 12 paragraph (c) to assist producers by making a com-
 13 prehensive assessment of the resource concerns,
 14 needs, and alternative solutions for the entire oper-
 15 ations of the producers, as determined by the Sec-
 16 retary, following the procedures in the Natural Re-
 17 sources Conservation Service conservation planning
 18 manual.

19 “(2) REQUIREMENTS.—Assistance to producers
 20 under the pilot program shall—

21 “(A) be provided by the Secretary directly
 22 or through third party providers certified by the
 23 Secretary; and

24 “(B) not be at the expense of the producer.

25 “(3) PROVISION OF RESULTS.—The Secretary
 26 shall provide to a producer the results of the com-

1 prehensive planning assistance to enable the pro-
 2 ducer to make informed choices on the type of finan-
 3 cial assistance available through conservation pro-
 4 grams under this subtitle that would most effectively
 5 address the resource needs of the operation of the
 6 producer, consistent with the environmental goals
 7 for the area in which the operation is located.

8 “(c) PILOT PROJECTS.—The Secretary shall estab-
 9 lish pilot projects in comprehensive conservation planning
 10 in—

11 “(1) the Chesapeake Bay watershed;

12 “(2) the Great Lakes Basin;

13 “(3) the Connecticut River Valley Watershed;

14 and

15 “(4) the Highlands region, as defined in section
 16 3 of the Highlands Conservation Act (Public Law
 17 108–421; 118 Stat. 2375).

18 “(d) FUNDING.—

19 “(1) IN GENERAL.—Of the funds of the Com-
 20 modity Credit Corporation, the Secretary shall use
 21 to carry out this section \$40,000,000 for each of fis-
 22 cal years 2008 through 2013.

23 “(2) ALLOCATION.—Funds made available
 24 under paragraph (1) shall be equitably allocated
 25 among each of the 4 pilot projects.

1 “(e) REPORT.—In the second and fifth years of the
2 pilot program, the Secretary shall—

3 “(1) carry out an assessment of the effective-
4 ness of the pilot program; and

5 “(2) publish and make available to the public a
6 report describing the results of the assessment.”.

7 **SEC. 2063. PILOT PROGRAM FOR CONSERVATION RISK**
8 **MANAGEMENT.**

9 Chapter 5 of subtitle D of title XII of the Food Secu-
10 rity Act of 1985 (16 U.S.C. 3839bb et seq.) (as amended
11 by section 2062) is amended by adding at the end the fol-
12 lowing:

13 **“SEC. 2040R. CONSERVATION RISK MANAGEMENT PILOT**
14 **PROGRAM.**

15 “(a) FINDINGS.—Congress finds that—

16 “(1) numerous studies have identified risk as a
17 major barrier to the adoption of well-established con-
18 servation measures, including best management
19 practices;

20 “(2) studies have determined that conservation
21 risk management guarantees are among the most
22 cost-effective means of encouraging conservation
23 adoption; and

24 “(3) the Pennsylvania Department of Agri-
25 culture has successfully operated an experimental

1 conservation risk management program in conjunc-
2 tion with the Agricultural Conservation Innovation
3 Center of the American Farmland Trust.

4 “(b) PILOT PROGRAM.—

5 “(1) IN GENERAL.—The Secretary shall estab-
6 lish a pilot program to support innovative conserva-
7 tion risk management tools to encourage the imple-
8 mentation of conservation and best management
9 practices on land in agricultural production.

10 “(2) CONSERVATION RISK MANAGEMENT.—

11 “(A) IN GENERAL.—In carrying out the
12 pilot program at the locations specified in sub-
13 section (c), the Secretary shall offer agricultural
14 producers innovative tools to manage the busi-
15 ness and production risk of implementing con-
16 servation or best management practices on
17 some portion of the land of the agricultural pro-
18 ducers.

19 “(B) INCLUSIONS.—Risk management
20 tools under paragraph (1) shall include price
21 and yield guarantees that are contingent on
22 conversion to conservation or best management
23 practices, such as reduced application rates of
24 nutrients.

1 “(c) PILOT PROJECTS.—The Secretary shall carry
2 out pilot projects under this section in—

3 “(1) the Chesapeake Bay watershed;

4 “(2) the Great Lakes Basin;

5 “(3) the Finger Lakes region of the State of
6 New York; and

7 “(4) the Ohio River watershed.

8 “(d) RESEARCH.—

9 “(1) IN GENERAL.—The Secretary shall carry
10 out research to improve and maintain the integrity
11 of the pilot program under this section.

12 “(2) PRIORITY AREAS.—The Secretary shall
13 prioritize research that is intended to—

14 “(A) study the impact of short- and long-
15 term weather changes on the performance of
16 conservation and best management practices;

17 “(B) study the impact on yield and net re-
18 turns of—

19 “(i) new fertility recommendations;

20 “(ii) reduced tillage practices for con-
21 tinuous corn; and

22 “(iii) emerging technologies and en-
23 hanced nutrient management techniques,
24 such as variable rate applications, in-sea-

1 son nutrient testing, and precision farming
2 practices;

3 “(C) study genomic markers indicating nu-
4 trient insufficiency;

5 “(D) improve actuarial analysis and per-
6 formance; and

7 “(E) study other risk management tools to
8 improve the adoption of conservation and best
9 management practices.

10 “(e) REPORT.—Not less frequently than at the mid-
11 way point and end of the pilot project carried out under
12 this section, the Secretary shall—

13 “(1) carry out an assessment of the effective-
14 ness of each pilot project;

15 “(2) publish, and make available to the public,
16 reports that describe the results of each assessment.

17 “(f) FUNDING.—

18 “(1) IN GENERAL.—Of the funds of the Com-
19 modity Credit Corporation, the Secretary shall use
20 to carry out this section \$20,000,000 for each of fis-
21 cal years 2008 through 2013.

22 “(2) USE OF FUNDS.—Of funds made available
23 under paragraph (1), the Secretary shall use—

24 “(A) \$10,000,000 to establish and main-
25 tain a guarantee pool from which the Secretary

1 may make payments to producers participating
 2 in the pilot program that suffered losses due to
 3 implementation of conservation or best manage-
 4 ment practices;

5 “(B) \$5,000,000 to administer and deliver
 6 the pilot program to producers; and

7 “(C) \$5,000,000 for research described in
 8 subsection (d).”.

9 **Subtitle H—Funding and** 10 **Administration**

11 **SEC. 2071. FUNDING AND ADMINISTRATION.**

12 (a) COMMODITY CREDIT CORPORATION.—Section
 13 1241(a) of the Food Security Act of 1985 (16 U.S.C.
 14 3841(a)) is amended—

15 (1) in the matter preceding paragraph (1), by
 16 striking “2007” and inserting “2013”;

17 (2) in paragraph (1), by striking “‘The’” and
 18 inserting “For each of fiscal years 2002 through
 19 2013, the”;

20 (3) in paragraph (2), by striking “‘The’” and
 21 inserting “For each of fiscal years 2002 through
 22 2013, the”;

23 (4) in paragraph (4)—

24 (A) in subparagraph (D), by striking
 25 “and” at the end;

1 (B) in subparagraph (E), by striking the
2 period at the end and inserting “; and”; and

3 (C) by adding at the end the following:

4 “(F) \$300,000,000 in each of fiscal years
5 2008 through 2013.”;

6 (5) in paragraph (6)—

7 (A) in subparagraph (E), by striking “each
8 of fiscal years 2007 through 2009; and” and in-
9 serting “fiscal year 2007; and” and

10 (B) by striking subparagraph (F) and in-
11 serting the following:

12 “(F) \$2,000,000,000 in each of fiscal
13 years 2008 through 2013.”; and

14 (6) in paragraph (7)—

15 (A) in subparagraph (C), by striking
16 “and” at the end;

17 (B) in subparagraph (D), by striking the
18 period at the end and inserting a semicolon;
19 and

20 (C) by adding at the end the following:

21 “(E) \$100,000,000 in fiscal year 2008;

22 “(F) \$140,000,000 in fiscal year 2009;

23 “(G) \$200,000,000 in each of fiscal years
24 2010 and 2011; and

1 “(H) \$300,000,000 in each of fiscal years
2 2012 and 2013.”.

3 (b) TECHNICAL ASSISTANCE.—Section 1241(b)(1) of
4 the Food Security Act of 1985 (16 U.S.C. 3841(b)(1))
5 is amended by adding before the semicolon “, beginning
6 on the date on which the producer submits a bona fide
7 application for assistance under the program”.

8 **SEC. 2072. DELIVERY OF TECHNICAL ASSISTANCE.**

9 Section 1242 of the Food Security Act of 1985 (16
10 U.S.C. 3842) is amended—

11 (1) in subsection (a), by striking paragraph (2)
12 and inserting the following:

13 “(2) at the option of the producer, through a
14 payment, as determined by the Secretary, to an ap-
15 proved third party or technical service provider, if
16 available.”; and

17 (2) in subsection (b)—

18 (A) in paragraph (1), by striking subpara-
19 graph (B) and inserting the following:

20 “(B) establishing the amounts and meth-
21 ods for payments for that assistance, on the
22 condition that payment rates reflect reasonable
23 market conditions for the region in which the
24 assistance would be provided.”;

1 (B) by striking paragraph (3) and insert-
 2 ing the following:

3 “(3) COMPETITIVE BIDDING.—The Secretary
 4 may accept bids from and enter into annual or
 5 multi-year contracts and agreements with approved
 6 third parties to provide technical assistance to pro-
 7 ducers eligible for assistance under this title.”; and

8 (C) in paragraph (4), by striking “Sec-
 9 retary may request” and inserting “Secretary
 10 shall, to the maximum extent practicable, re-
 11 quest”.

12 **SEC. 2073. CONSERVATION APPLICATION PROCESS.**

13 Section 1244 of the Food Security Act of 1985 (16
 14 U.S.C. 3844) is amended by adding at the end the fol-
 15 lowing:

16 “(c) CONSERVATION APPLICATION PROCESS.—

17 “(1) INITIAL APPLICATION.—

18 “(A) IN GENERAL.—Not later than 1 year
 19 after the date of enactment of this subsection,
 20 the Secretary shall establish a single, simplified
 21 application for eligible entities to use in initially
 22 requesting assistance under any conservation
 23 program administered by the Natural Resources
 24 Conservation Service (referred to in this sub-
 25 section as the ‘initial application’).

1 “(B) REQUIREMENTS.—To the maximum
2 extent practicable, the Secretary shall ensure
3 that—

4 “(i) a conservation program applicant
5 is not required to provide information that
6 is duplicative of information or resources
7 already available to the Secretary for that
8 applicant and the specific operation of the
9 applicant; and

10 “(ii) the initial application process is
11 streamlined to minimize complexity and re-
12 dundancy.

13 “(2) REVIEW OF APPLICATION PROCESS.—

14 “(A) IN GENERAL.—Not later than 1 year
15 after the date of enactment of this subsection,
16 the Secretary shall review the application proc-
17 ess for each conservation program administered
18 by the Natural Resources Conservation Service,
19 including the forms and processes used to re-
20 ceive assistance requests from eligible program
21 participants.

22 “(B) REQUIREMENTS.—In carrying out
23 the review, the Secretary shall determine what
24 information the participant is required to sub-
25 mit during the application process, including—

1 “(i) identification information for the
2 applicant;

3 “(ii) identification and location infor-
4 mation for the land parcel or tract of con-
5 cern;

6 “(iii) a general statement of the need
7 or resource concern of the applicant for the
8 land parcel or tract; and

9 “(iv) the minimum amount of other
10 information the Secretary considers to be
11 essential for the applicant to provide per-
12 sonally.

13 “(3) REVISION AND STREAMLINE.—

14 “(A) IN GENERAL.—Not later than 1 year
15 after the date of enactment of this subsection,
16 the Secretary shall carry out a revision of the
17 application forms and processes for each con-
18 servation program administered by the Natural
19 Resources Conservation Service to enable use of
20 information technology to incorporate appro-
21 priate data and information concerning the con-
22 servation needs and solutions appropriate for
23 the land area identified by the applicant.

1 “(B) GOAL.—The goal of the revision shall
 2 be to streamline the application process to mini-
 3 mize the burden placed on applicants.

4 “(4) CONSERVATION PROGRAM APPLICATION.—

5 “(A) IN GENERAL.—Once the needs of an
 6 applicant have been adequately assessed by the
 7 Secretary, or a third party provider under sec-
 8 tion 1242, based on the initial application, in
 9 order to determine the 1 or more programs
 10 under this title that best match the needs of the
 11 applicant, with the approval of the applicant,
 12 the Secretary may convert the initial application
 13 into the specific application for assistance for
 14 the relevant conservation program.

15 “(B) SECRETARIAL BURDEN.—To the
 16 maximum extent practicable, the Secretary
 17 shall—

18 “(i) complete the specific application
 19 for conservation program assistance for
 20 each applicant; and

21 “(ii) request only that specific further
 22 information from the applicant that is not
 23 already available to the Secretary.

24 “(5) IMPLEMENTATION AND NOTIFICATION.—

25 Not later than 1 year after the date of enactment

1 of this subsection, the Secretary shall submit to the
 2 Committee on Agriculture of the House of Rep-
 3 resentatives and the Committee on Agriculture, Nu-
 4 trition, and Forestry of the Senate written notifica-
 5 tion that the Secretary has fulfilled the requirements
 6 of this subsection.”.

7 **SEC. 2074. PLANNING FOR AGRICULTURE GRANTS.**

8 Subtitle F of title XII of the Food Security Act of
 9 1985 (16 U.S.C. 2005a et seq.) is amended by adding at
 10 the end the following:

11 **“SEC. 1257. GRANTS TO PROMOTE PLANNING FOR AGRI-**
 12 **CULTURE.**

13 “(a) IN GENERAL.—To encourage State and local ef-
 14 forts to retain farmland and promote food security, the
 15 Secretary shall provide competitive grants to State and
 16 local units of government to carry out planning projects
 17 for the purposes described in subsection (b)(1).

18 “(b) PROJECT REQUIREMENTS.—

19 “(1) IN GENERAL.—A project eligible to receive
 20 planning assistance under this section shall be a
 21 project designed to support—

22 “(A) farm and ranchland protection and
 23 transition;

24 “(B) agricultural economic development; or

1 “(C) local and regional food processing and
2 other agricultural infrastructure.

3 “(2) PRIORITY FUNDING.—A project shall be
4 eligible to receive priority for funding under this sec-
5 tion if the project—

6 “(A) addresses more than 1 of the pur-
7 poses described in paragraph (1); or

8 “(B) coordinates activities pursuant to 1
9 or more of the purposes described in paragraph
10 (1) among different levels of government.

11 “(c) GRANTS.—

12 “(1) IN GENERAL.—From amounts made avail-
13 able to carry out this section, the Secretary shall
14 make grants to State and local units of government
15 to assist the States and local units of government in
16 developing plans that assess needs and identify im-
17 plementation strategies for furthering 1 or more of
18 the purposes described in subsection (b)(1).

19 “(2) MAXIMUM AMOUNT.—The maximum
20 amount of a grant provided under this section shall
21 be \$100,000.

22 “(3) MATCHING FUNDS REQUIREMENT.—The
23 Federal share of any project that receives funding
24 under this section may not exceed 50 percent of the
25 total cost of the project.

1 “(4) TERM.—The term of a grant made under
2 this section may not exceed 2 years.

3 “(d) AUTHORIZATION OF APPROPRIATIONS.—There
4 is authorized to be appropriated to carry out this section
5 \$20,000,000 for each of fiscal years 2008 through 2013,
6 to remain available until expended.”.

7 **SEC. 2075. EXCLUSION OF PAYMENTS UNDER DEPARTMENT**
8 **OF AGRICULTURE CONSERVATION PRO-**
9 **GRAMS FROM ADJUSTED GROSS INCOME**
10 **LIMITATION.**

11 (a) EXCLUSION.—Section 1001D(b)(2) of the Food
12 Security Act of 1985 (7 U.S.C. 1308–3a(b)(2)) is amend-
13 ed by striking subparagraph (C).

14 (b) EFFECTIVE PERIOD.—Section 1001D of the
15 Food Security Act of 1985 (7 U.S.C. 1308–3a) is amend-
16 ed by striking subsection (e).

17 **Subtitle I—Conservation Loan**
18 **Guarantee Program**

19 **SEC. 2081. CONSERVATION LOAN GUARANTEE PROGRAM.**

20 Subtitle A of the Consolidated Farm and Rural De-
21 velopment Act is amended by inserting after section 304
22 (7 U.S.C. 1924) the following:

23 **“SEC. 304A. CONSERVATION LOAN GUARANTEE PROGRAM.**

24 “(a) DEFINITIONS.—In this section:

1 “(1) ELIGIBLE BORROWER.—The term ‘eligible
2 borrower’ means a farmer, rancher, farm coopera-
3 tive, private domestic corporation, partnership, joint
4 operation, trust, or limited liability company, that is
5 engaged primarily and directly in agricultural pro-
6 duction in the United States.

7 “(2) QUALIFIED CONSERVATION LOAN.—The
8 term ‘qualified conservation loan’ means a loan de-
9 scribed in subsection (c).

10 “(3) QUALIFIED CONSERVATION PROJECT.—
11 The term ‘eligible conservation project’ means, with
12 respect to an eligible borrower, conservation meas-
13 ures included in a conservation plan for a farming
14 or ranching operation of the borrower, including—

15 “(A) the installation of conservation struc-
16 tures, including terraces, sod waterways, per-
17 manently-vegetated stream borders and filter
18 strips, tree or grass windbreaks, shelter belts,
19 and living snow fences, if all plantings consist
20 of vegetation appropriate to the locale;

21 “(B) the establishment of forest cover for
22 sustained yield timber management, erosion
23 control, or shelter belt purposes, if the forest
24 cover is appropriate to the locale;

1 “(C) the installation of water conservation
2 measures;

3 “(D) the installation of waste management
4 systems;

5 “(E) the establishment or improvement of
6 permanent pasture;

7 “(F) the payment of costs of complying
8 with section 1212 of the Food Security Act of
9 1985 (16 U.S.C. 3812);

10 “(G) other purposes consistent with the
11 conservation plan;

12 “(H) any conservation project or practice,
13 as described by technical guides and handbooks
14 issued by the Natural Resources Conservation
15 Service; and

16 “(I) emerging conservation practices, tech-
17 niques, or technologies, that are approved by
18 the Secretary.

19 “(b) PROGRAM.—The Secretary may provide a loan
20 guarantee, an interest subsidy, or both, to enable an eligi-
21 ble borrower to obtain a qualified conservation loan.

22 “(c) QUALIFIED CONSERVATION LOAN.—A qualified
23 conservation loan is a loan—

1 “(1) the proceeds of which are required to be
2 used to cover the costs to the borrower of carrying
3 out a qualified conservation project;

4 “(2) the principal amount of which is not more
5 than \$1,000,000;

6 “(3) the repayment period of which does not ex-
7 ceed 10 years;

8 “(4) for which the lender is prohibited from—

9 “(A) requiring any part of the loan to be
10 repaid in the 1-year period that begins with the
11 date of the closing of the loan; and

12 “(B) forgiving any part of the loan; and

13 “(5) for which the total of all processing fees
14 charged with respect to the loan does not exceed
15 such amount as shall be prescribed by the Secretary.

16 “(d) LIMITATIONS APPLICABLE TO LOAN GUARAN-
17 TEES.—

18 “(1) LIMITATION ON AMOUNT OF GUAR-
19 ANTEE.—The portion of a qualified conservation
20 loan that the Secretary may guarantee under this
21 section shall be not less than 80 percent, nor more
22 than 90 percent, of the principal amount of the
23 qualified conservation loan.

24 “(2) LIMITATION ON TOTAL AMOUNT OUT-
25 STANDING.—The aggregate principal amount of out-

1 standing qualified conservation loans guaranteed by
 2 the Secretary under this section shall not exceed
 3 \$1,000,000,000.

4 “(e) LIMITATION ON AMOUNT OF INTEREST SUB-
 5 SIDY.—

6 “(1) IN GENERAL.—Subject to paragraph (2),
 7 the interest subsidy that the Secretary may provide
 8 under this section with respect to a qualified con-
 9 servation loan shall result in a reduction of the in-
 10 terest rate agreed to by the borrower and the lender
 11 by—

12 “(A) 500 basis points, if the principal
 13 amount of the qualified conservation loan is less
 14 than \$100,000;

15 “(B) 400 basis points, if the principal
 16 amount of the qualified conservation loan is—

17 “(i) at least \$100,000; and

18 “(ii) less than \$500,000; and

19 “(C) 300 basis points, in any other case.

20 “(2) LIMITATION.—A reduction described in
 21 paragraph (1) may not reduce the interest rate to
 22 less than 0.

23 “(f) ADMINISTRATIVE PROVISIONS.—

24 “(1) AUTHORITY TO COLLECT PROCESSING
 25 FEE.—The Secretary may assess a fee to cover the

1 cost of processing an application under this section
2 equal to not more than 1 percent of the principal
3 amount of the qualified conservation loan sought by
4 the applicant, as described in the application.

5 “(2) PROVISION OF FINANCIAL INFORMA-
6 TION.—An applicant for a loan guarantee or interest
7 subsidy under this section shall provide the Sec-
8 retary with such financial information as may be re-
9 quired by the Secretary, in the manner generally re-
10 quired by commercial agricultural lenders in the geo-
11 graphical area in which the farming or ranching op-
12 eration of the applicant is located.

13 “(3) APPRAISAL.—The Secretary may require
14 that an appraisal made in connection with an appli-
15 cation for a loan guarantee or interest subsidy under
16 this section be conducted by a specialized appraiser
17 that uses standards similar to the standards used
18 for similar purposes in the private sector, as deter-
19 mined by the Secretary.

20 “(4) APPROVAL OF APPLICATION.—The Sec-
21 retary shall not approve an application submitted
22 pursuant to this section, unless the Natural Re-
23 sources Conservation Service has determined that—

1 “(A) the loan sought by the applicant, as
2 described in the application, would be a quali-
3 fied conservation loan; and

4 “(B) the project for which the qualified
5 conservation loan is sought is likely to result in
6 a net benefit to the environment.

7 “(5) DEADLINE FOR DECISION ON APPLICA-
8 TION.—To the maximum extent practicable, not
9 later than 45 business days after the receipt of an
10 application for assistance under this section, the
11 Secretary shall submit to the applicant the decision
12 of the Secretary to approve or disapprove the appli-
13 cation.

14 “(6) EQUITABLE DISTRIBUTION OF LOAN
15 GUARANTEES AND INTEREST SUBSIDIES.—To the
16 maximum extent practicable, the Secretary shall en-
17 sure that loan guarantees and interest subsidies
18 under this section are equitably distributed among
19 agricultural producers according to the scale of the
20 operations of the producers that submit applications
21 in any year.

22 “(g) RELATIONSHIP WITH OTHER CONSERVATION
23 PROGRAMS.—

24 “(1) IN GENERAL.—Except as provided in para-
25 graph (2), the application for, and the receipt of, a

1 loan guarantee or an interest subsidy under this sec-
 2 tion does not effect the eligibility of the recipient for
 3 assistance under—

4 “(A) title XII of the Food Security Act of
 5 1985 (16 U.S.C. 3801 et seq.); or

6 “(B) the Watershed Protection and Flood
 7 Prevention Act (16 U.S.C. 1001 et seq.).

8 “(2) EXCEPTION.—If an applicant receives fi-
 9 nancial assistance under the programs specified in
 10 paragraph (1), the loan principal shall be limited to
 11 the share of the applicant of the total project cost.

12 “(h) APPROPRIATIONS.—For each of fiscal years
 13 2008 through 2013, the Secretary shall use such funds
 14 of the Commodity Credit Corporation as are necessary to
 15 carry out this section.”.

16 **TITLE III—TRADE**

17 **SEC. 3001. MARKET ACCESS PROGRAM.**

18 Section 211(c)(1)(A) of the Agricultural Trade Act
 19 of 1978 (7 U.S.C. 5641(c)(1)(A)) is amended—

20 (1) by striking “and” after “fiscal year 2005,”;
 21 and

22 (2) by inserting “and \$350,000,000 for each of
 23 fiscal years 2008 through 2013,” after “2007, .”

1 **SEC. 3002. TECHNICAL ASSISTANCE FOR SPECIALTY CROPS.**

2 Section 3205 of the Farm Security and Rural Invest-
3 ment Act of 2002 (7 U.S.C. 5680) is amended by striking
4 subsection (d) and inserting the following:

5 “(d) FLEXIBILITY.—In providing technical assistance
6 under the program, the Secretary shall provide for exten-
7 sions on a case-by-case basis, on the approval of the Sec-
8 retary, acting through the Administrator of the Foreign
9 Agricultural Service, of time frames provided in regula-
10 tions in connection with the technical assistance.

11 “(e) FUNDING.—

12 “(1) IN GENERAL.—To carry out the program,
13 the Secretary shall make available funds of, or an
14 equal value of commodities owned by, the Com-
15 modity Credit Corporation, in the amount of—

16 “(A) \$4,000,000 for fiscal year 2008;

17 “(B) \$6,000,000 for fiscal year 2009;

18 “(C) \$8,000,000 for fiscal year 2010; and

19 “(D) \$10,000,000 for each of fiscal years
20 2011 through 2013.

21 “(2) CARRYOVER OF FUNDING.—Funds made
22 available to carry out the program under paragraph
23 (1) or under section 201 of the Specialty Crops
24 Competitiveness Act of 2004 (Public Law 108–465;
25 118 Stat. 3884) shall remain available until ex-
26 pended.”.

1 **TITLE IV—NUTRITION**
2 **PROGRAMS**
3 **Subtitle A—Food Stamp Program**

4 **SEC. 4001. DEFINITION OF THRIFTY FOOD PLAN.**

5 Section 3(o)(4) of the Food Stamp Act of 1977 (7
6 U.S.C. 2012(o)(4)) is amended—

7 (1) by striking “except that on October 1,
8 1996,” and inserting “except that”; and

9 (2) by striking “in effect on September” and all
10 that follows before the period and inserting “in ef-
11 fect during the immediately preceding fiscal year”.

12 **SEC. 4002. EXCLUSION OF COMBAT-RELATED MILITARY PAY**
13 **FROM COUNTABLE INCOME.**

14 Section 5(d) of the Food Stamp Act of 1977 (7
15 U.S.C. 2014(d)) is amended—

16 (1) by striking “and 18” and inserting “(18)”;
17 and

18 (2) by inserting before the period at the end the
19 following: “, and (19) any amount paid a member of
20 the uniformed services as hazardous duty pay under
21 section 301 of title 37, United States Code, hardship
22 duty pay under section 305 of that title, or hostile
23 fire or imminent danger special pay under section
24 310 of that title for service of the member in a com-
25 bat operation or combat zone”.

1 **SEC. 4003. DEDUCTIONS FROM INCOME.**

2 Section 5(e)(1) of the Food Stamp Act of 1977 (7
3 U.S.C. 2014(e)(1)) is amended—

4 (1) in subparagraph (A)(ii), by striking “not
5 less than \$134” and all that follows through the pe-
6 riod at the end and inserting the following: “not less
7 than—

8 “(I) \$156, \$267, \$220, and
9 \$137, respectively; and

10 “(II) for fiscal year 2009 and
11 each fiscal year thereafter, an amount
12 that is equal to the amount from the
13 previous fiscal year adjusted to the
14 nearest lower dollar increment to re-
15 flect changes for the 12-month period
16 ending on the preceding June 30 in
17 the Consumer Price Index for All
18 Urban Consumers published by the
19 Bureau of Labor Statistics of the De-
20 partment of Labor, for items other
21 than food.”; and

22 (2) in subparagraph (B)(ii), by striking “not
23 less than \$269” and all that follows through the pe-
24 riod at the end and inserting the following: “not less
25 than—

26 “(I) \$313; and

1 “(II) for fiscal year 2009 and
 2 each fiscal year thereafter, an amount
 3 that is equal to the amount from the
 4 previous fiscal year adjusted to the
 5 nearest lower dollar increment to re-
 6 flect changes for the 12-month period
 7 ending on the preceding June 30 in
 8 the Consumer Price Index for All
 9 Urban Consumers published by the
 10 Bureau of Labor Statistics of the De-
 11 partment of Labor, for items other
 12 than food.”.

13 **SEC. 4004. DEPENDENT CARE DEDUCTION.**

14 Section 5(e)(3)(A) of the Food Stamp Act of 1977
 15 (7 U.S.C. 2014(e)(3)(A)) is amended by striking “, the
 16 maximum allowable level of which shall be \$200 per month
 17 for each dependent child under 2 years of age and \$175
 18 per month for each other dependent,”.

19 **SEC. 4005. ALLOWABLE FINANCIAL RESOURCES.**

20 Section 5(g) of the Food Stamp Act of 1977 (7
 21 U.S.C. 2014(g)) is amended—

22 (1) by striking “(g)(1) The Secretary” and in-
 23 serting the following:

24 “(g) ALLOWABLE FINANCIAL RESOURCES.—

25 “(1) TOTAL AMOUNT.—

1 “(A) IN GENERAL.—The Secretary”.

2 (2) in subparagraph (A) (as designated by
3 paragraph (1))—

4 (A) by inserting “(as adjusted in accord-
5 ance with subparagraph (B))” after “\$2,000”;
6 and

7 (B) by inserting “(as adjusted in accord-
8 ance with subparagraph (B))” after “\$3,000”;
9 and

10 (3) in paragraph (1), by adding at the end the
11 following:

12 “(B) ADJUSTMENT FOR INFLATION.—

13 “(i) IN GENERAL.—Beginning on Oc-
14 tober 1, 2007, and each October 1 there-
15 after, the amounts in subparagraph (A)
16 shall be adjusted to the nearest \$100 in-
17 crement to reflect changes for the 12-
18 month period ending the preceding June in
19 the Consumer Price Index for All Urban
20 Consumers published by the Bureau of
21 Labor Statistics of the Department of
22 Labor.

23 “(ii) REQUIREMENT.—Each adjust-
24 ment under clause (i) shall be based on the

1 unrounded amount for the prior 12-month
2 period.”.

3 **SEC. 4006. EXCLUSION OF RETIREMENT ACCOUNTS FROM**
4 **COUNTABLE FINANCIAL RESOURCES.**

5 (a) IN GENERAL.—Section 5(g)(2)(B)(v) of the Food
6 Stamp Act of 1977 (7 U.S.C. 2014(g)(2)(B)(v)) is amend-
7 ed by striking “or retirement account (including an indi-
8 vidual account)” and inserting “account”.

9 (b) MANDATORY AND DISCRETIONARY EXCLU-
10 SIONS.—Section 5(g) of the Food Stamp Act of 1977 (7
11 U.S.C. 2014(g)) is amended by adding at the end the fol-
12 lowing:

13 “(7) EXCLUSION OF RETIREMENT ACCOUNTS
14 FROM COUNTABLE FINANCIAL RESOURCES.—

15 “(A) MANDATORY EXCLUSIONS.—The Sec-
16 retary shall exclude from financial resources
17 under this subsection the value of any funds in
18 a plan, contract, or account, described in any of
19 sections 401(a), 403(a), 403(b), 408, 408A,
20 457(b), and 501(c)(18) of the Internal Revenue
21 Code of 1986, and the value of funds in a Fed-
22 eral Thrift Savings Plan account, as provided in
23 section 8439 of title 5, United States Code.

24 “(B) DISCRETIONARY EXCLUSIONS.—The
25 Secretary may exclude from financial resources

1 under this subsection the value of any other re-
 2 tirement plans, contracts, or accounts (as deter-
 3 mined by the Secretary, by regulation).”.

4 **SEC. 4007. SIMPLIFIED REPORTING.**

5 Section 6(c) of the Food Stamp Act of 1977 (7
 6 U.S.C. 2015(c)(1)(A)) is amended—

7 (1) in paragraph (1)(A)—

8 (A) by striking “reporting by” and insert-
 9 ing “reporting”;

10 (B) in clause (i), by inserting “for periods
 11 shorter than 4 months by” before “migrant”;

12 (C) in clause ii), by inserting “for periods
 13 shorter than 4 months by” before “households”;
 14 and

15 (D) in clause (iii), by inserting “by” before
 16 “households”; and

17 (2) in paragraph (3)—

18 (A) in the third sentence—

19 (i) by striking “Reports required to be
 20 filed monthly under paragraph (1)” and
 21 inserting “Except as provided in paragraph
 22 (1)(D)(ii), periodic reports filed under
 23 paragraph (1)”;

24 (ii) by striking “subject matter in-
 25 cluded in such reports” and inserting “the

1 households required to make the reports”;
 2 and

3 (B) by inserting after the third sentence
 4 the following: “The State agency shall not be
 5 required to act on information about a house-
 6 hold described in the preceding sentence re-
 7 ceived from any source between the monthly re-
 8 ports unless the information clearly indicates
 9 that the household is not eligible, subject to
 10 standards established by the Secretary, or the
 11 household requests an increase in benefits.”.

12 **SEC. 4008. WORK REQUIREMENT.**

13 (a) REPEAL.—Section 6 of the Food Stamp Act of
 14 1977 (7 U.S.C. 2015) is amended by striking subsection
 15 (o).

16 (b) FUNDING OF EMPLOYMENT AND TRAINING PRO-
 17 GRAMS.—Section 16(h)(1) of the Food Stamp Act of 1977
 18 (7 U.S.C. 2025(h)(1)) is amended—

19 (1) in subparagraph (A)—

20 (A) in clause (vi)(II), by striking “and” at
 21 the end;

22 (B) in clause (vii), by striking the period
 23 at the end and inserting “; and”; and

24 (C) by adding at the end the following:

1 “(viii) for each of fiscal years 2008
2 through 2012, \$110,000,000”;

3 (2) in subparagraph (B)—

4 (A) in clause (i), by striking “; and” and
5 inserting a period;

6 (B) by striking clause (ii); and

7 (C) by striking “that—” and all that fol-
8 lows through “is determined” and inserting
9 “that is determined”; and

10 (3) by striking subparagraph (E).

11 (c) CONFORMING AMENDMENTS.—

12 (1) Section 7(j)(1) of the Food Stamp Act of
13 1977 (7 U.S.C. 2016(j)(1)) is amended by striking
14 “section 6(o)(2) of this Act or”.

15 (2) Section 501(b)(2) of the Workforce Invest-
16 ment Act of 1998 (20 U.S.C. 9271(b)(2)) is amend-
17 ed—

18 (A) by striking subparagraph (F); and

19 (B) by redesignating subparagraphs (G)
20 through (O) as subparagraphs (F) through (N),
21 respectively.

22 (3) Section 112(b)(8)(A) of the Workforce In-
23 vestment Act of 1998 (29 U.S.C. 2822(b)(8)(A)) is
24 amended—

25 (A) by striking clause (iv); and

1 (B) by redesignating clauses (v) through
 2 (x) as clauses (iv) through (ix), respectively.

3 (4) Section 121(b)(2)(B) of the Workforce In-
 4 vestment Act of 1998 (29 U.S.C. 2841(b)(2)(B)) is
 5 amended—

6 (A) by striking clause (iii); and

7 (B) by redesignating clauses (iv) and (v)
 8 as clauses (iii) and (iv), respectively.

9 **SEC. 4009. FAIRNESS FOR LEGAL IMMIGRANTS.**

10 (a) IN GENERAL.—Notwithstanding sections 401(a),
 11 402(a), and 403(a) of the Personal Responsibility and
 12 Work Opportunity Reconciliation Act of 1996 (8 U.S.C.
 13 1611(a), 1612(a), 1613(a)), and section 6 of the Food
 14 Stamp Act of 1977 (7 U.S.C. 2015), an individual who
 15 is lawfully residing in the United States shall not be ineli-
 16 gible for the food stamp program under the Food Stamp
 17 Act of 1977 (7 U.S.C. 2011 et seq.) on the basis of—

18 (1) the immigration status of the individual; or

19 (2) the date on which the individual entered the
 20 United States.

21 (b) CLARIFYING ELIGIBILITY.—Section 421(d)(3) of
 22 the Personal Responsibility and Work Opportunity Rec-
 23 onciliation Act of 1996 (8 U.S.C. 1631(d)(3)) is amended
 24 by striking “to the extent that a qualified alien is eligible
 25 under section 1612(a)(2)(J) of this title” and inserting

1 “to the extent that a child is a member of a household
2 receiving food stamps under that Act”.

3 (c) ENSURING PROPER SCREENING.—Section
4 11(e)(2)(B) of the Food Stamp Act of 1977 (7 U.S.C.
5 2020(e)(2)(B)) is amended—

6 (1) by redesignating clauses (vi) and (vii) as
7 clauses (vii) and (viii), respectively; and

8 (2) by inserting after clause (v) the following:

9 “(vi) shall provide a method for imple-
10 menting section 421 of the Personal Re-
11 sponsibility and Work Opportunity Rec-
12 onciliation Act of 1996 (8 U.S.C. 1631)
13 that does not require any unnecessary in-
14 formation from individuals who may be ex-
15 empt from that section;”.

16 (d) SIMPLIFIED ADMINISTRATIVE REPORTING RE-
17 QUIREMENT.—Section 11(a) of the Food Stamp Act of
18 1977 (7 U.S.C. 2020(a)) is amended by adding at the end
19 the following: “Notwithstanding subsection (e)(2) of sec-
20 tion 421 of the Personal Responsibility and Work Oppor-
21 tunity Reconciliation Act of 1996 (8 U.S.C. 1631(e)(2)),
22 the administrative reporting requirement under that sub-
23 section shall be satisfied by the submission of an aggregate
24 report on the numbers of exceptions granted under that
25 subsection each year.”.

1 **SEC. 4010. MINIMUM BENEFIT.**

2 Section 8(a) of the Food Stamp Act of 1977 (7
3 U.S.C. 2017(a)) is amended in the proviso by striking
4 “\$10 per month” and inserting “20 percent of the thrifty
5 food plan for a household containing 1 member, as deter-
6 mined by the Secretary under section 3(o)”.

7 **SEC. 4011. ACCOUNTABILITY FOR PAPERWORK REQUIRE-**
8 **MENTS.**

9 Section 11(e)(3) of the Food Stamp Act of 1977 (7
10 U.S.C. 2020(e)(3)) is amended by inserting “(except that
11 no application shall be denied for lack of verification un-
12 less the State agency determines that the household re-
13 fused to comply with a request for verification made by
14 an individual described in paragraph (6)(B))” after “of
15 an application”.

16 **SEC. 4012. ADMINISTRATIVE COST-SHARING AND QUALITY**
17 **CONTROL.**

18 (a) PREVENTING CONFLICTS OF INTEREST.—Section
19 16(a) of the Food Stamp Act of 1977 (7 U.S.C. 2025(a))
20 is amended in the last sentence by inserting “directly or
21 indirectly” before “receive or benefit”.

22 (b) LIMITATION ON CONTRACTING.—Section 16(a) of
23 the Food Stamp Act of 1977 (7 U.S.C. 2025(a)) is amend-
24 ed by adding at the end the following: “The Secretary
25 shall not make any payments for administrative costs
26 under this Act relating to a contract that a State agency

1 concluded in violation of this Act or regulations promul-
 2 gated by the Secretary (regardless of whether the Sec-
 3 retary may approve the contract subsequent to the letting
 4 of the contract) or for any personnel costs to carry out
 5 functions specified under section 11(e)(3) except by indi-
 6 viduals described in section 11(e)(6)(B).”.

7 (c) PROHIBITION.—Section 7 of the Food Stamp Act
 8 of 1977 (7 U.S.C. 2016) is amended by adding at the end
 9 the following:

10 “(l) PROHIBITION.—No State agency may establish
 11 any requirement or condition on the receipt of food stamp
 12 benefits by a household other than the requirements and
 13 conditions specified in this section.”.

14 **SEC. 4013. REAUTHORIZATION OF FOOD STAMP PROGRAM**
 15 **AND FOOD DISTRIBUTION PROGRAM ON IN-**
 16 **DIAN RESERVATIONS.**

17 (a) GRANTS FOR SIMPLE APPLICATION AND ELIGI-
 18 BILITY DETERMINATION SYSTEMS AND IMPROVED AC-
 19 CESS TO BENEFITS.—Section 11(t)(1) of the Food Stamp
 20 Act of 1977 (7 U.S.C. 2020(t)(1)) is amended by striking
 21 “2007” and inserting “2013”.

22 (b) FUNDING OF EMPLOYMENT AND TRAINING PRO-
 23 GRAMS.—Section 16(h)(1) of the Food Stamp Act of 1977
 24 (7 U.S.C. 2025(h)(1)) is amended—

1 (1) in subparagraph (A)(vii), by striking
2 “2007” and inserting “2013”; and

3 (2) in subparagraph (E)(i), by striking “2007”
4 and inserting “2013”.

5 (c) REDUCTIONS IN PAYMENTS FOR ADMINISTRA-
6 TIVE COSTS.—Section 16(k)(3) of the Food Stamp Act
7 of 1977 (7 U.S.C. 2025(k)(3)) is amended—

8 (1) in the first sentence of subparagraph (A),
9 by striking “2007” and inserting “2013”; and

10 (2) in subparagraph (B)(ii) by striking “2007”
11 and inserting “2013”.

12 (d) CASH PAYMENT PILOT PROJECTS.—Section
13 17(b)(1)(B)(vi) of the Food Stamp Act of 1977 (7 U.S.C.
14 2026(b)(1)(B(vi)) is amended by striking “2007” and in-
15 serting “2013”.

16 (e) AUTHORIZATION OF APPROPRIATIONS.—Section
17 18(a)(1) of the Food Stamp Act of 1977 (7 U.S.C.
18 2027(a)(1)) is amended in the first sentence by striking
19 “2007” and inserting “2013”.

20 (f) CONSOLIDATED BLOCK GRANTS FOR PUERTO
21 RICO AND AMERICAN SAMOA.—Section 19(a)(2)(A)(ii) of
22 the Food Stamp Act of 1977 (7 U.S.C. 2028(a)(2)(A)(ii))
23 is amended by striking “2007” and inserting “2013”.

1 **SEC. 4014. ASSISTANCE FOR COMMUNITY FOOD PROJECTS.**

2 Section 25 of the Food Stamp Act of 1977 (7 U.S.C.
3 2034) is amended—

4 (1) in subsection (b)—

5 (A) in paragraph (1), by striking “From
6 amounts made available to carry out this Act,
7 the Secretary may” and inserting “The Sec-
8 retary shall”; and

9 (B) by striking paragraph (2) and insert-
10 ing the following:

11 “(2) FUNDING AMOUNTS.—From amounts
12 made available to carry out this Act, the Secretary
13 shall use \$30,000,000 for each of fiscal years 2008
14 through 2012 to make grants under this section, ad-
15 justed to reflect changes for the 12-month period
16 ending the preceding June 30 in the Consumer Price
17 Index for All Urban Consumers published by the
18 Bureau of Labor Statistics of the Department of
19 Labor.”;

20 (2) in subsection (d)—

21 (A) in paragraph (3), by striking “or” at
22 the end;

23 (B) in paragraph (4), by striking the pe-
24 riod at the end and inserting “; or”; and

25 (C) by adding at the end the following:

26 “(5) serve special project needs in areas of—

1 “(A) transportation and processing for ex-
 2 panding institutional and emergency food serv-
 3 ice demand for local food;

4 “(B) retail access to healthy foods in un-
 5 derserved markets;

6 “(C) integration of urban and metro-area
 7 food production in food projects; and

8 “(D) technical assistance for youth, so-
 9 cially disadvantaged individuals, and limited re-
 10 source groups.”;

11 (3) in subsection (e)(1), by striking “50” and
 12 inserting “75”;

13 (4) in subsection (f)(2), by striking “3” and in-
 14 serting “5”; and

15 (5) in subsection (h)(4)—

16 (A) by striking “2007” and inserting
 17 “2013”; and

18 (B) by striking “\$200,000” and inserting
 19 “\$500,000”.

20 **SEC. 4015. AVAILABILITY OF COMMODITIES FOR THE EMER-**
 21 **GENCY FOOD ASSISTANCE PROGRAM.**

22 Section 27(a) of the Food Stamp Act of 1977 (7
 23 U.S.C. 2036(a)) is amended—

1 (1) by striking “(a) PURCHASE OF COMMOD-
 2 ITIES.—” and all that follows through “through
 3 2007” and inserting the following:

4 “(a) PURCHASE OF COMMODITIES.—

5 “(1) IN GENERAL.—Subject to paragraph (2),
 6 for each of fiscal years 2008 through 2013”; and

7 (2) by striking “\$140,000,000 of”; and

8 (3) by inserting at the end the following:

9 “(2) AMOUNTS.—The Secretary shall use to
 10 carry out this subsection—

11 “(A) for fiscal year 2008, \$250,000,000;

12 and

13 “(B) for each of fiscal years 2009 through
 14 2013, the dollar amount of commodities avail-
 15 able in the immediately preceding fiscal year
 16 adjusted by the percentage by which the thrifty
 17 food plan has been adjusted under section
 18 3(o)(4) between June 30, 2007 and June 30 of
 19 the immediately preceding fiscal year.”.

20 **SEC. 4016. STUDY ON COMPARABLE ACCESS TO FOOD**
 21 **STAMP BENEFITS FOR PUERTO RICO.**

22 (a) IN GENERAL.—The Secretary shall carry out a
 23 study of the feasibility and effects of including the Com-
 24 monwealth of Puerto Rico in the definition of the term
 25 “State” under section 3 of the Food Stamp Act of 1977

1 (7 U.S.C. 2012), in lieu of providing block grants to the
2 Commonwealth under section 19 of that Act (7 U.S.C.
3 2028).

4 (b) INCLUSIONS.—The study shall include—

5 (1) an assessment of the administrative, finan-
6 cial management, and other changes that would be
7 necessary for the Commonwealth to establish a com-
8 parable food stamp program, including compliance
9 with appropriate program rules under the Food
10 Stamp Act of 1977 (7 U.S.C. 2011 et seq.), such
11 as—

12 (A) benefit levels under section 3(o) of that
13 Act (7 U.S.C. 3012(o));

14 (B) income eligibility standards under sec-
15 tion 5(c) of that Act (7 U.S.C. 2014(c)); and

16 (C) deduction levels under section 5(e) of
17 that Act (7 U.S.C. 2014(e));

18 (2) an estimate of the impact on Federal and
19 Commonwealth benefit and administrative costs;

20 (3) an estimate of the impact of the food stamp
21 program on hunger and food insecurity among low-
22 income Puerto Ricans; and

23 (4) such other matters as the Secretary con-
24 siders to be appropriate.

1 (c) REPORT.—Not later than 180 days after the date
 2 of enactment of this Act, the Secretary shall submit to
 3 the Committee on Agriculture of the House of Representa-
 4 tives and the Committee on Agriculture, Nutrition, and
 5 Forestry of the Senate a report that describes the results
 6 of the study conducted under this section.

7 **Subtitle B—Miscellaneous**

8 **SEC. 4021. NUTRITION INFORMATION AND AWARENESS** 9 **PILOT PROGRAM.**

10 Section 4403(f) of the Farm Security and Rural In-
 11 vestment Act of 2002 (7 U.S.C. 3171 note; Public Law
 12 107–171) is amended by striking “2007” and inserting
 13 “2013”.

14 **TITLE V—RURAL DEVELOPMENT**

15 **SEC. 5001. FARM AND RANCH PROFITABILITY GRANT PRO-** 16 **GRAM.**

17 The Consolidated Farm and Rural Development Act
 18 (7 U.S.C. 1921 et seq.) is amended by adding at the end
 19 the following:

20 **“Subtitle J—Farm and Ranch** 21 **Profitability Grant Program**

22 **“SEC. 386A. DEFINITIONS.**

23 “In this subtitle:

1 “(1) PRODUCER.—The term ‘producer’ has the
2 meaning given the term by the Secretary for the
3 purposes of the Census of Agriculture.

4 “(2) STATE.—The term ‘State’ means each of
5 the several States of the United States.

6 “(3) STATE DEPARTMENT OF AGRICULTURE.—
7 The term ‘State department of agriculture’ means
8 the agency, commission, or department of a State
9 government responsible for agriculture in the State.

10 **“SEC. 386B. AVAILABILITY AND PURPOSES OF GRANTS.**

11 “(a) IN GENERAL.—For each of fiscal years 2008
12 through 2013, the Secretary shall carry out a program
13 to make grants to eligible States through State depart-
14 ments of agriculture.

15 “(b) ELIGIBILITY.—To be eligible to receive a grant
16 under this subtitle, a State shall—

17 “(1) have a 3-year strategic plan approved by
18 the Secretary in accordance with section 386D(a);
19 and

20 “(2) submit to the Secretary an annual report,
21 including an annual work plan, in accordance with
22 section 386D(b).

23 “(c) PURPOSES OF GRANT PROGRAM.—The purposes
24 of the grant program under this subtitle are—

1 “(1) to improve the profitability of farms and
2 ranches in the United States;

3 “(2) to increase self-employment opportunities
4 for farmers and ranchers;

5 “(3) to revitalize local and regional food sys-
6 tems;

7 “(4) to increase wealth and asset-building in
8 rural communities; and

9 “(5) to encourage entrepreneurship and innova-
10 tion in farming and ranching by funding State, local,
11 and farm-level programs and projects that address—

12 “(A) farm viability;

13 “(B) market development and promotion;

14 “(C) product development, differentiation,
15 and promotion;

16 “(D) consumer education;

17 “(E) business planning;

18 “(F) alternate ownership models and
19 structures;

20 “(G) local and regional infrastructure
21 needs; or

22 “(H) local and regional food security
23 needs.

24 “(d) MAINTENANCE OF EFFORT.—The State shall
25 provide assurances to the Secretary in the annual report

1 required under section 386D(b) that funds provided to the
 2 State under this subtitle have been used only to supple-
 3 ment, not to supplant, the amount of Federal, State, and
 4 local funds otherwise expended in the State for the per-
 5 mitted uses described in section 386C.

6 “(e) ADMINISTRATIVE AND PLANNING EXPENSES.—
 7 Not more than 5 percent of funds provided annually under
 8 this subtitle may be used by the State for administrative
 9 and planning expenses.

10 **“SEC. 386C. PERMITTED USES OF GRANT FUNDS.**

11 “(a) IN GENERAL.—In accordance with the purposes
 12 described in section 386B(c), as determined by the Sec-
 13 retary, a State department of agriculture may use grant
 14 funds received under this subtitle—

15 “(1) to supplement funding for State programs,
 16 projects, and initiatives; and

17 “(2) to provide grants to—

18 “(A) producers;

19 “(B) local and regional government enti-
 20 ties;

21 “(C) agricultural cooperatives;

22 “(D) agricultural processors;

23 “(E) nonprofit organizations; and

24 “(F) research institutions.

1 “(b) SPECIFIC PERMITTED USES OF GRANT
2 FUNDS.—A State may use grant funds received under this
3 subtitle—

4 “(1) to provide marketing or business develop-
5 ment assistance to producers;

6 “(2) to promote product development or dif-
7 ferentiation;

8 “(3) to encourage direct-to-consumer market
9 opportunities, including—

10 “(A) farmers markets;

11 “(B) buy-local campaigns;

12 “(C) agritourism; and

13 “(D) on-farm retail market opportunities;

14 “(4) to rebuild local and regional food systems
15 through planning or development of agricultural
16 processing facilities or other infrastructure that en-
17 hances or adds value to agricultural products grown
18 in the State;

19 “(5) to match State funding for—

20 “(A) farm viability programs;

21 “(B) agriculture innovation centers; or

22 “(C) recreational walk-in or access pro-
23 grams;

1 “(6) to encourage profitable business models
2 and develop alternative ownership structures and
3 new business succession models;

4 “(7) to increase consumer awareness of agricul-
5 tural products produced and services provided in the
6 State, including advertising and promotional cam-
7 paigns;

8 “(8) to provide direct grants to producers for
9 farm infrastructure or equipment needs that—

10 “(A) add value to a commodity produced;

11 or

12 “(B) will allow for the transition to a new
13 agricultural enterprise;

14 “(9) to provide technical, legal, and other sup-
15 port to beginning or socially disadvantaged farmers;

16 “(10) to assist county and local governments in
17 planning for agriculture, including the land use and
18 infrastructure needs of local producers;

19 “(11) to address food safety issues, including
20 training; and

21 “(12) to enhance the competitiveness of spe-
22 cialty crops, including applied research.

23 “(c) PROHIBITED USE OF GRANT FUNDS.—A State
24 may not use grant funds received under this section to

1 directly subsidize the price of an agricultural commodity
2 in the market.

3 “(d) MAXIMUM GRANT AMOUNT.—A State may not
4 award more than 33 percent of the funds received by the
5 State under this subtitle in any fiscal year to any single
6 project, proposal, or program.

7 **“SEC. 386D. STRATEGIC PLANS AND ANNUAL REPORTS.**

8 “(a) STRATEGIC PLAN.—

9 “(1) IN GENERAL.—To be eligible to receive a
10 grant under this subtitle, a State shall have a 3-year
11 strategic plan that has been—

12 “(A) reviewed by the Federal Food and
13 Agricultural Council of the State in accordance
14 with subsection (c)(1); and

15 “(B) approved by the Secretary.

16 “(2) SUBMISSION.—A State shall submit to the
17 Secretary the strategic plan described in this sub-
18 section during the first and fourth fiscal years in
19 which the State receives grants under this section.

20 “(3) CONTENTS.—A strategic plan required
21 under this subsection shall—

22 “(A) reflect the diversity of the agricul-
23 tural sector of the State, including the produc-
24 tion, processing, marketing, and distribution of

1 the food and agricultural products of the State;
2 and

3 “(B) include—

4 “(i) the vision of the State for meet-
5 ing the purposes described in section
6 386B(c);

7 “(ii) the 3-year plan of the State for
8 achieving that vision, including goals, ob-
9 jectives, measurable outcomes, and yearly
10 milestones toward completion;

11 “(iii) an explanation of how the plan
12 reflects the diversity of the agricultural
13 sector of the State;

14 “(iv) the method by which the State
15 has and will continue to solicit the input of
16 the agricultural sector in developing the
17 plan, setting grant priorities, and selecting
18 project;

19 “(v) a year-by-year work plan, includ-
20 ing—

21 “(I) a description of the general
22 project areas that will be funded;

23 “(II) the percent of funding an-
24 ticipated for each project area; and

1 “(III) the expected project selec-
 2 tion process for each fiscal year; and
 3 “(vi) such other information as the
 4 Secretary may require by regulation.

5 “(b) ANNUAL REPORTS.—

6 “(1) IN GENERAL.—As a condition of receiving
 7 a grant under this subtitle, not later than 90 days
 8 after the end of each fiscal year in which a State re-
 9 ceives grant funds under this subtitle, the State
 10 shall submit to the Secretary a report of the activi-
 11 ties the State carried out using the grant funds dur-
 12 ing the preceding fiscal year.

13 “(2) REVIEW.—Each annual report described in
 14 paragraph (1) shall be reviewed by the Federal Food
 15 and Agricultural Council of the State in accordance
 16 with subsection (c)(2).

17 “(3) CONTENTS.—Each annual report shall in-
 18 clude—

19 “(A) an accounting of projects funded,
 20 non-Federal funds leveraged, mileposts com-
 21 pleted, and outcomes achieved during the pre-
 22 ceding fiscal year;

23 “(B) an accounting of any unobligated
 24 funds remaining;

1 “(C) an updated work plan for the current
2 fiscal year; and

3 “(D) such other information as the Sec-
4 retary may require by regulation.

5 “(c) REVIEW OF STRATEGIC PLANS AND ANNUAL
6 REPORTS.—

7 “(1) STRATEGIC PLANS.—

8 “(A) IN GENERAL.—In reviewing a stra-
9 tegic plan submitted under subsection (a), the
10 Federal Food and Agricultural Council of a
11 State shall ensure that the plan, to the max-
12 imum extent practicable —

13 “(i) reflects the diversity of the agri-
14 cultural sector of the State; and

15 “(ii) will carry out the purposes de-
16 scribed in section 386B(c).

17 “(B) SUBMISSION TO SECRETARY.—Not
18 later than 45 days after receiving a strategic
19 plan submitted under subsection (a), a Federal
20 Food and Agricultural Council shall submit to
21 the Secretary—

22 “(i) the strategic plan; and

23 “(ii) any recommendations of the
24 Council regarding the strategic plan.

25 “(C) REVISIONS.—The Secretary may—

1 “(i) request that a State make
2 changes to a strategic plan; or

3 “(ii) after giving the State an oppor-
4 tunity to resubmit a revised strategic plan,
5 reject a strategic plan.

6 “(2) ANNUAL REPORTS.—

7 “(A) IN GENERAL.—Not later than 45
8 days after receiving an annual report submitted
9 under subsection (b), the Federal Food and Ag-
10 ricultural Council of a State shall submit to the
11 Secretary—

12 “(i) the annual report; and

13 “(ii) any recommendations of the
14 Council regarding the updated work plan.

15 “(B) REVISIONS.—The Secretary may re-
16 quest that a State make changes to an updated
17 work plan in order to more fully reflect—

18 “(i) the priorities of the strategic plan
19 of the State; or

20 “(ii) the purposes described in section
21 386B(c).

22 “(d) EFFECT OF NONCOMPLIANCE.—The Secretary
23 may disqualify, for 1 or more years, a State from receipt
24 of future grants under this subtitle, if the Secretary, after
25 reasonable notice to a State, finds that the State—

1 “(1) has failed to comply with the requirements
2 of this section or section 386B(d);

3 “(2) is not substantially meeting the outcomes
4 and milestones described in the strategic plan or an-
5 nual work plans of the State;

6 “(3) is not meeting the purposes described in
7 section 386B(c); or

8 “(4) is not funding projects reflective of the di-
9 versity of the agricultural sector of the State.

10 “(e) AUDIT REQUIREMENTS.—

11 “(1) IN GENERAL.—A State that receives a
12 grant under this subtitle shall submit to the Sec-
13 retary, through the Agricultural Marketing Service,
14 an annual audit.

15 “(2) LIMITATION.—A State may use not more
16 than 2 percent of the total funds awarded to the
17 State under this subtitle to carry out the audit.

18 **“SEC. 386E. ALLOCATIONS TO STATES.**

19 “(a) MINIMUM BASE GRANT AMOUNT.—

20 “(1) IN GENERAL.—Of funds made available
21 each year to carry out this subtitle, 15 percent shall
22 be allocated equally among States as a minimum
23 base grant amount.

24 “(2) MINIMUM AMOUNT.—Subject to the avail-
25 ability of funds made available to carry out this sub-

1 title, the minimum base grant amount under para-
2 graph (1) shall be not less than \$3,000,000 per eli-
3 gible State per fiscal year.

4 “(b) BONUS PAYMENTS.—

5 “(1) IN GENERAL.—In fiscal year 2009, and
6 each subsequent fiscal year, of funds made available
7 to carry out this subtitle, 15 percent shall be allo-
8 cated to States as bonus payments.

9 “(2) ALLOCATION.—Bonus payments described
10 in paragraph (1) shall be allocated equally among
11 each State that provides a cost share of non-Federal
12 funds to match at least 30 percent of the Federal
13 funding received by the State under this subtitle for
14 the preceding fiscal year.

15 “(c) REMAINING FUNDS.—The amount remaining
16 after allocation and distribution of funds under sub-
17 sections (a) and (b) shall be allocated among eligible
18 States in the proportion that—

19 “(1) the market value of agricultural sales and
20 the number of farms in a State during the preceding
21 fiscal year, expressed as a composite index, weighted
22 equally; bears to

23 “(2) the market value of agricultural sales and
24 the number of farms in all States receiving grants

1 under this subtitle in that fiscal year, expressed as
2 a composite index, weighted equally.

3 “(d) UNOBLIGATED FUNDS.—Any funds received by
4 a State under this subtitle and not obligated by the State
5 within 2 fiscal years shall be remitted to the Secretary
6 for redistribution in the subsequent fiscal year in accord-
7 ance with this section.

8 **“SEC. 386F. FUNDING.**

9 “(a) IN GENERAL.—On October 1, 2007, and on
10 each October 1 thereafter through October 1, 2012, out
11 of any funds in the Treasury not otherwise appropriated,
12 the Secretary of the Treasury shall transfer to the Sec-
13 retary to carry out this subtitle \$1,000,000,000, to remain
14 available until expended.

15 “(b) RECEIPT AND ACCEPTANCE.—The Secretary
16 shall be entitled to receive, shall accept, and shall use to
17 carry out this section the funds transferred under sub-
18 section (a), without further appropriation.”.

19 **SEC. 5002. DEFINITION OF RURAL AND RURAL AREA.**

20 Section 343(a)(13) of the Consolidated Farm and
21 Rural Development Act (7 U.S.C. 1991(a)(13)) is amend-
22 ed by adding at the end the following:

23 “(F) EXEMPTION.—For the purpose of eli-
24 gibility for Department of Agriculture–Rural
25 Development Business and Cooperative Pro-

grams, subparagraph (A) shall not apply to agricultural producers or to entities that are substantially owned and operated by agricultural producers.”.

TITLE VI—FORESTRY

Subtitle A—Cooperative Forestry Assistance Act of 1978

SEC. 6001. COMMUNITY FOREST AND OPEN SPACE CONSERVATION PROGRAM.

(a) FINDINGS.—Congress finds that—

(1) the Forest Service recently projected that, by 2030, approximately 44,000,000 acres of privately owned forest land will be developed throughout the United States, including many of the important parcels of privately owned forest land that are located in, or adjacent to, communities of the United States;

(2) the threat of development of those parcels of privately owned forest land creates an urgent need for local governmental entities to possess sufficient financial resources to purchase the parcels of privately owned forest land that are most important to the communities of the United States as those parcels of privately owned forest land are offered for sale;

1 (3) forest parcelization has led to a rapidly ex-
2 panding base of private owners of forest land that
3 includes many individuals who—

4 (A) do not possess any experience in forest
5 stewardship; and

6 (B) could learn proper forest management
7 techniques through relevant demonstration
8 sites, for which many communities of the
9 United States use land owned by the local gov-
10 ernmental entities of those communities;

11 (4) in rapidly-growing communities of all sizes
12 throughout the United States, remaining parcels of
13 privately owned forest land play an essential role in
14 protecting public water supplies, leading many local
15 governmental entities to purchase parcels of pri-
16 vately owned forest land for ownership;

17 (5) rising rates of obesity and other public
18 health problems relating to the inactivity of the citi-
19 zens of the United States have been shown to be
20 ameliorated by improving public access to safe and
21 pleasing areas for outdoor recreation, leading many
22 local governmental entities to purchase recreation
23 land for ownership;

24 (6) throughout the United States, many com-
25 munities of diverse types and sizes derive significant

1 financial benefits from managing parcels of privately
2 owned forest land owned by the local governmental
3 entities of those communities because those par-
4 cels—

5 (A) provide a significant source of local
6 revenue to the communities; and

7 (B) contribute to the health of the forest
8 products economy of the communities and the
9 United States;

10 (7) public access to parcels of privately owned
11 forest land for hunting, fishing, and trapping has
12 declined and, as a result, participation in those ac-
13 tivities has also declined as parcels of privately
14 owned forest land and watersheds throughout the
15 United States have become further parcelized among
16 a growing base of private owners who often prohibit
17 public use of the land, leading many local govern-
18 mental entities to purchase parcels of privately
19 owned forest land to ensure that individuals who
20 participate in sports have access to those parcels;
21 and

22 (8) there is a national interest in providing fi-
23 nancial assistance to local governmental entities to
24 purchase important and closely located parcels of
25 privately owned forest land to maintain the diverse

1 benefits provided by those parcels to communities
 2 served by those local governmental entities.

3 (b) COMMUNITY FOREST AND OPEN SPACE CON-
 4 SERVATION PROGRAM.—The Cooperative Forestry Assist-
 5 ance Act of 1978 is amended by inserting after section
 6 9 (16 U.S.C. 2105) the following:

7 **“SEC. 9A. COMMUNITY FOREST AND OPEN SPACE CON-**
 8 **SERVATION PROGRAM.**

9 “(a) ESTABLISHMENT.—The Secretary, in coopera-
 10 tion with appropriate State and local governments, shall
 11 establish a program to be known as the ‘Community For-
 12 est and Open Space Conservation Program’ (referred to
 13 in this section as the ‘program’) to enable local govern-
 14 mental entities of participating States to acquire parcels
 15 of privately owned forest land that are—

16 “(1) economically, culturally, and environ-
 17 mentally important to the communities of the local
 18 governmental entities; and

19 “(2) threatened by conversion to nonforest uses.

20 “(b) IMPLEMENTATION.—

21 “(1) PARTICIPATING STATES.—

22 “(A) APPLICATION.—To participate in the
 23 program, a State shall submit to the Secretary
 24 an application in such time, in such manner,

1 and containing such information as the Sec-
2 retary may require.

3 “(B) DUTIES OF PARTICIPATING STATE.—

4 A State that participates in the program shall,
5 through the State forester of the State—

6 “(i) coordinate the program in the
7 participating State; and

8 “(ii) perform any other duty con-
9 sistent with the implementation of the pro-
10 gram, as determined by the Secretary.

11 “(C) PARTICIPATION REQUIREMENT.—

12 “(i) IN GENERAL.—Except as pro-
13 vided in clause (ii), not later than 1 year
14 after the date of enactment of this section,
15 the Secretary shall establish the program
16 in not less than 1 State in each region of
17 the United States, including—

18 “(I) the Northeast region;

19 “(II) the mid-Atlantic region;

20 “(III) the Midwest region;

21 “(IV) the Southern region;

22 “(V) the Western region; and

23 “(VI) the Pacific Northwest re-
24 gion.

1 “(ii) REQUIREMENT OF APPLICA-
 2 TIONS.—The requirement described in
 3 clause (i) shall not apply to a region of the
 4 United States if, not later than 1 year
 5 after the date of enactment of this section,
 6 the Secretary has not received an applica-
 7 tion from a State in the region.

8 “(2) ASSESSMENT OF NEED REPORT.—

9 “(A) IN GENERAL.—Subject to subpara-
 10 graph (B), each participating State shall pre-
 11 pare, and submit to the Secretary, an assess-
 12 ment of need report that identifies—

13 “(i) each geographic program focus
 14 area of the participating State; and

15 “(ii) any priority objective for con-
 16 servation based on any condition or need of
 17 the citizens of the participating State.

18 “(B) EXCEPTION.—The requirement de-
 19 scribed in subparagraph (A) may be fulfilled by
 20 a participating State through the inclusion of
 21 information described in subparagraph (A) as
 22 part of an integrated statewide forest planning
 23 process for the application of a Federal pro-
 24 gram in the State.

1 “(c) APPLICATION BY LOCAL GOVERNMENTAL ENTI-
2 TY.—

3 “(1) IN GENERAL.—A local governmental entity
4 may, in such time and in such manner as the Sec-
5 retary may require, submit to the State forester of
6 the participating State in which the local govern-
7 mental entity is located a project application to ac-
8 quire 1 or more parcels of privately owned forest
9 land that are located in the geographic program
10 focus area of the State, as determined by the State
11 forester.

12 “(2) CONTENTS.—A project application sub-
13 mitted by a local governmental entity to a State for-
14 ester under paragraph (1) shall include—

15 “(A) a certification from the local govern-
16 mental entity that the project proposed in the
17 project application is consistent with any com-
18 prehensive plan for development adopted by the
19 local governmental entity; and

20 “(B) any other applicable information, as
21 determined by the Secretary.

22 “(3) PRIORITIZED LIST.—The State forester of
23 each participating State shall prepare and submit to
24 the Secretary a prioritized list that includes each
25 project application submitted by a local govern-

1 mental entity of the State to the State forester
2 under paragraph (1).

3 “(d) DEVELOPMENT OF NATIONAL LIST.—Not later
4 than 1 year after the date of enactment of this section,
5 the Secretary shall, in accordance with the criteria devel-
6 oped by the Secretary under subsection (e), develop a
7 prioritized national list that incorporates each prioritized
8 list submitted by a State forester to the Secretary under
9 subsection (c)(3).

10 “(e) DEVELOPMENT OF CRITERIA FOR PROJECT AP-
11 PPLICATIONS.—

12 “(1) IN GENERAL.—Not later than 1 year after
13 the date of enactment of this section, Secretary
14 shall, in consultation with forest stewardship advi-
15 sory committees, urban and community forestry ad-
16 visory committees, and related organizations of the
17 States, develop prioritization criteria for project ap-
18 plications submitted by local governmental entities
19 to State foresters under subsection (c)(1).

20 “(2) PRIORITY FOR CERTAIN PARCELS OF PRI-
21 VATELY OWNED FOREST LAND.—In developing the
22 prioritization criteria under paragraph (1), the Sec-
23 retary shall give priority to parcels of privately
24 owned forest land that—

1 “(A) meet any identified local open space
 2 or natural resource need described in a munic-
 3 ipal plan, regional plan, or other relevant local,
 4 regional, or State planning document;

5 “(B) could—

6 “(i) be effectively managed to model
 7 effective forest stewardship for private
 8 landowners;

9 “(ii) support forest-based educational
 10 programs, including vocational education
 11 programs in forestry;

12 “(iii) provide significant protection to
 13 public water supplies or other waterways;
 14 or

15 “(iv) offer long-term economic bene-
 16 fits to communities through the increase of
 17 economic activities relating to forestry;

18 “(C) contain important wildlife habitats;

19 “(D) provide convenient public access to
 20 parcels of forest land suitable for outdoor recre-
 21 ation, including hunting and fishing; or

22 “(E) are threatened with conversion to
 23 nonforest uses.

24 “(3) SPECIAL CONSIDERATION FOR CERTAIN
 25 PARCELS.—In developing the prioritization criteria

1 under paragraph (1), the Secretary shall give special
2 consideration to any proposal that is jointly pre-
3 pared and submitted by not less than 2 local govern-
4 mental entities.

5 “(f) OWNERSHIP OF PARCELS OF PRIVATELY
6 OWNED FOREST LAND.—

7 “(1) OWNERSHIP BY LOCAL GOVERNMENTAL
8 ENTITY.—Except as provided in paragraph (2), any
9 parcel of privately owned forest land acquired by a
10 local governmental entity under the program shall be
11 owned in fee simple by the local governmental entity.

12 “(2) NONPROFIT OWNERSHIP.—Upon request
13 by a participating State, any designated nonprofit
14 organization that operates in the State in which the
15 local governmental entity is located may own a par-
16 cel of forest land acquired by the local governmental
17 entity under the program if the designated nonprofit
18 organization allows public access to the parcel of for-
19 est land in a manner consistent with the purposes of
20 the program.

21 “(g) DUTIES OF LOCAL GOVERNMENTAL ENTI-
22 TIES.—

23 “(1) MANAGEMENT OF PARCELS OF PRIVATELY
24 OWNED FOREST LAND.—

1 “(A) IN GENERAL.—A local governmental
2 entity that acquires a parcel of privately owned
3 forest land under the program shall manage the
4 parcel of forest land in a manner consistent
5 with the purposes of the program.

6 “(B) PUBLIC ACCESS.—A local govern-
7 mental entity that acquires a parcel of privately
8 owned forest land under the program shall pro-
9 vide public access to the parcel of forest land
10 for any recreational use that is consistent with
11 the purposes of the program, as determined by
12 the local governmental entity.

13 “(2) FOREST MANAGEMENT PLAN.—

14 “(A) IN GENERAL.—Not later than 2 years
15 after the date on which a local governmental
16 entity acquires a parcel of forest land under the
17 program, the local governmental entity shall de-
18 velop and submit to the appropriate State agen-
19 cy for approval a forest management plan for
20 the parcel of forest land.

21 “(B) PUBLIC PARTICIPATION.—In devel-
22 oping a forest management plan for a parcel of
23 forest land under subparagraph (A), the local
24 governmental entity shall provide members of

1 the public with an opportunity to participate in
2 the development of the forest management plan.

3 “(3) USE OF PARCELS OF PRIVATELY OWNED
4 FOREST LAND.—

5 “(A) AUTHORIZED USES.—Any parcel of
6 privately owned forest land acquired by a local
7 governmental entity under the program shall be
8 used to preserve community access to, and ben-
9 efits from, the parcel of forest land for public
10 purposes, including purposes relating to—

11 “(i) model forest stewardship;

12 “(ii) sustainable timber production;

13 “(iii) forest-based educational and cul-
14 tural activities;

15 “(iv) the conservation of wildlife habi-
16 tats;

17 “(v) the protection of watersheds; and

18 “(vi) the preservation of outdoor
19 recreation activities, including hunting and
20 fishing.

21 “(B) PROHIBITED USES.—A local govern-
22 mental entity that acquires a parcel of privately
23 owned forest land under the program shall not
24 convert the parcel of forest land to any non-
25 forest use.

1 “(4) PENALTY FOR SALE OF ACQUIRED PAR-
2 CELS OF PRIVATELY OWNED FOREST LAND.—

3 “(A) REIMBURSEMENT OF FUNDS.—A
4 local governmental entity that sells a parcel of
5 forest land acquired under the program shall
6 pay to the Federal Government an amount
7 equal to the sum obtained by adding—

8 “(i) the amount provided under the
9 program to the local governmental entity
10 to purchase the parcel of privately owned
11 forest land; and

12 “(ii) an amount equal to 50 percent of
13 the greater of—

14 “(I) the sales price of the pri-
15 vately owned parcel of land; and

16 “(II) the appraised price of the
17 privately owned parcel of forest land.

18 “(B) LOSS OF ELIGIBILITY.—A local gov-
19 ernmental entity that sells a parcel of forest
20 land acquired under the program shall not be
21 eligible to receive grants under the program
22 after the date on which the local governmental
23 entity sells the parcel of forest land.

24 “(h) COST SHARING.—

1 “(1) IN GENERAL.—In accordance with any
 2 term or condition of the Secretary, any cost relating
 3 to the acquisition of any parcel of privately owned
 4 forest land and any project described in a project
 5 application submitted to a State forester under sub-
 6 section (c)(1) shall be shared among any partici-
 7 pating entity, including any—

8 “(A) State;

9 “(B) local governmental entity;

10 “(C) owner of a parcel of privately owned
 11 forest land;

12 “(D) corporation; or

13 “(E) private organization.

14 “(2) ELIGIBLE COSTS.—A local governmental
 15 entity shall be eligible for assistance under the pro-
 16 gram for any cost relating to a parcel of privately
 17 owned forest land, including any cost relating to—

18 “(A) planning;

19 “(B) administration;

20 “(C) acquisition of the parcel of privately
 21 owned forest land; or

22 “(D) management of the privately owned
 23 forest land.

24 “(3) NON-FEDERAL SHARE.—

1 “(A) IN GENERAL.—The non-Federal
2 share of the cost of a parcel of privately owned
3 forest land acquired under the program shall be
4 not less than 50 percent.

5 “(B) IN-KIND CONTRIBUTIONS.—The non-
6 Federal share under subparagraph (A) may be
7 provided in cash or in-kind.

8 “(C) APPRAISAL OF PARCELS OF PRI-
9 VATELY OWNED FOREST LAND.—To determine
10 the non-Federal share of the cost of a parcel of
11 privately owned forest land under subparagraph
12 (A), the local governmental entity shall deter-
13 mine the value of the parcel of privately owned
14 forest land by an appraisal that is performed in
15 accordance with—

16 “(i) the Uniform Appraisal Standards
17 for Federal Land Acquisitions developed by
18 the Interagency Land Acquisition Con-
19 ference;

20 “(ii) the Uniform Standards of Pro-
21 fessional Appraisal Practice; and

22 “(iii) any other applicable law.

23 “(i) STATE ADMINISTRATION AND TECHNICAL AS-
24 SISTANCE.—To assist local governmental entities in con-
25 ducting model stewardship of parcels of privately owned

1 forest land acquired under the program, not more than
 2 10 percent of all funds made available to carry out the
 3 program each fiscal year shall be allocated to appropriate
 4 State agencies in participating States—

5 “(1) to carry out the program; and

6 “(2) to provide technical assistance to local gov-
 7 ernmental entities for any activity relating to forest
 8 stewardship, including the development and imple-
 9 mentation of an approved forest management plan.

10 “(j) EFFECT.—

11 “(1) RECOGNITION OF AUTHORITY TO CONTROL
 12 LAND USE.—Nothing in this section modifies the au-
 13 thority of a Federal, State, or local government to
 14 regulate land use.

15 “(2) PARTICIPATION OF PRIVATE PROPERTY
 16 OWNERS.—Nothing in this section requires the
 17 owner of any private property to participate in the
 18 program.

19 “(k) AUTHORIZATION OF APPROPRIATIONS.—There
 20 are authorized to be appropriated such sums as are nec-
 21 essary to carry out this section.”.

22 **SEC. 6002. DEVELOPMENT OF NATIONAL PRIORITIES AND**
 23 **STATE FOREST PLANS.**

24 The Cooperative Forestry Assistance Act of 1978 is
 25 amended—

1 (1) by redesignating section 20 (16 U.S.C.
2 2114) as section 21; and

3 (2) by inserting after section 19 (16 U.S.C.
4 2113) the following:

5 **“SEC. 20. DEVELOPMENT OF NATIONAL PRIORITIES AND**
6 **STATE FOREST PLANS.**

7 “(a) NATIONAL PRIORITIES.—Not later than 1 year
8 after the date of enactment of this section, the Secretary,
9 in coordination with appropriate Federal agencies, shall
10 develop national priorities for the conservation of the pri-
11 vately owned forest land of the United States that include
12 a description of—

13 “(1) the most pressing threats to the sustain-
14 ability, management, and conservation of the pri-
15 vately owned forest land of the United States; and

16 “(2) the expected roles of Federal agencies and
17 the conservation and forest programs of the Depart-
18 ment of Agriculture in partnering with States and
19 private landowners to address identified threats to
20 the privately owned forest land of the United States.

21 “(b) STATE FOREST PLANS.—Not later than 3 years
22 after the date of enactment of this section, the State for-
23 ester of each State, in consultation with stakeholders, con-
24 servationists, wildlife agencies, and other appropriate

1 agencies of the State of the State forester, shall develop
2 a State forest plan that includes a description of—

3 “(1) threats to the sustainability, management,
4 and conservation of privately owned forest land of
5 the State, with particular emphasis on any threat
6 that is—

7 “(A) included in the national priorities de-
8 veloped by the Secretary, in coordination with
9 appropriate Federal agencies, under subsection
10 (a); and

11 “(B) relevant to the State for which the
12 State forest plan is developed;

13 “(2) goals and strategies—

14 “(A) to address any identified threat to the
15 privately owned forest land of the State; and

16 “(B) to maintain the productivity and ca-
17 pacity of forest resources in the State, including
18 the means by which the coordinated application
19 of the conservation and forest programs of the
20 Department of Agriculture could address rel-
21 evant threats and support private landowners;
22 and

23 “(3) a program to monitor and measure any
24 progress made by the Federal Government and the
25 States toward reaching each goal and implementing

1 each strategy included in the State forest plan devel-
 2 oped under this section.

3 “(c) APPROPRIATIONS.—There is authorized to be
 4 appropriated to carry out this section \$10,000,000 for
 5 each of fiscal years 2008 through 2010.”.

6 **Subtitle B—Healthy Forests** 7 **Restoration Act of 2003**

8 **SEC. 6011. HEALTHY FORESTS RESERVE PROGRAM.**

9 (a) METHODS OF ENROLLMENT.—Section 502(f)(1)
 10 of the Healthy Forests Restoration Act of 2003 (16
 11 U.S.C. 6572(f)(1)) is amended by striking subparagraph
 12 (C) and inserting the following:

13 “(C) a permanent easement.”.

14 (b) FUNDING.—Section 508 of the Healthy Forests
 15 Restoration Act of 2003 (16 U.S.C. 6578) is amended to
 16 read as follows:

17 **“SEC. 508. FUNDING FOR HEALTHY FORESTS RESERVE** 18 **PROGRAM.**

19 “(a) FUNDING.—

20 “(1) IN GENERAL.—On October 1, 2007, and
 21 on each October 1 thereafter through October 1,
 22 2013, out of any funds in the Treasury not other-
 23 wise appropriated, the Secretary of the Treasury
 24 shall transfer to the Secretary of Agriculture to
 25 carry out this title \$50,000,000.

1 “(2) RECEIPT AND ACCEPTANCE.—The Sec-
 2 retary shall be entitled to receive, shall accept, and
 3 shall use to carry out this title the funds transferred
 4 under paragraph (1), without further appropriation.

5 “(b) SECTION 11 CAP.—The use of Commodity Cred-
 6 it Corporation funds under subsection (a) to provide tech-
 7 nical assistance under the healthy forests reserve program
 8 shall not be considered an allotment or fund transfer from
 9 the Commodity Credit Corporation for purposes of the
 10 limitation on expenditures for technical assistance imposed
 11 by section 11 of the Commodity Credit Corporation Char-
 12 ter Act (15 U.S.C. 714i).”.

13 **TITLE VII—ENERGY**

14 **SEC. 7001. DEFINITION OF BIOMASS.**

15 Section 9001(3)(B)(i) of the Farm Security and
 16 Rural Investment Act of 2002 (7 U.S.C. 8101(3)(B)(i))
 17 is amended by inserting “and crop waste” after “agricul-
 18 tural crops”.

19 **SEC. 7002. FEDERAL PROCUREMENT OF BIOBASED PROD-** 20 **UCTS.**

21 Section 9002(k)(2)(A) of the Farm Security and
 22 Rural Investment Act of 2002 (7 U.S.C. 8102(k)(2)(A))
 23 is amended by striking “\$1,000,000 for each of fiscal years
 24 2002 through 2007” and inserting “\$10,000,000 for each
 25 of fiscal years 2008 through 2013”.

1 **SEC. 7003. BIOREFINERY DEVELOPMENT GRANTS.**

2 Section 9003 of the Farm Security and Rural Invest-
3 ment Act of 2002 (7 U.S.C. 8103) is amended by striking
4 subsection (h) and inserting the following:

5 “(h) FUNDING.—Of the funds of the Commodity
6 Credit Corporation, the Secretary shall use to carry out
7 this section \$100,000,000 for each of fiscal years 2008
8 through 2013, to remain available until expended.”.

9 **SEC. 7004. ENERGY AUDIT AND RENEWABLE ENERGY DE-**
10 **VELOPMENT PROGRAM.**

11 Section 9005 of the Farm Security and Rural Invest-
12 ment Act of 2002 (7 U.S.C. 8105) is amended by striking
13 subsection (i) and inserting the following:

14 “(i) AUTHORIZATION OF APPROPRIATIONS.—There is
15 authorized to be appropriated to carry out this section
16 \$25,000,000 for each of fiscal years 2008 through 2013.”.

17 **SEC. 7005. RENEWABLE ENERGY SYSTEMS AND ENERGY EF-**
18 **FICIENCY IMPROVEMENTS.**

19 Section 9006 of the Farm Security and Rural Invest-
20 ment Act of 2002 (7 U.S.C. 8106) is amended—

21 (1) in subsection (c), by adding at the end the
22 following:

23 “(3) PRIORITY.—In making loans and grants
24 under this section, the Secretary shall give priority
25 to activities that, as determined by the Secretary—

1 “(A) are undertaken jointly by more than
2 1 eligible entity in a local community;

3 “(B) involve direct cooperation between 2
4 or more eligible entities; or

5 “(C) otherwise foster community or coop-
6 erative approaches to renewable energy and en-
7 ergy efficiency development.”;

8 (2) by striking subsection (f);

9 (3) by redesignating subsection (e) as sub-
10 section (f);

11 (4) by inserting after subsection (d) the fol-
12 lowing:

13 “(e) PRODUCTION-BASED INCENTIVE IN LIEU OF
14 GRANT.—

15 “(1) IN GENERAL.—In addition to the authority
16 under subsection (a), to encourage the production of
17 electricity from renewable energy systems, the Sec-
18 retary shall, on the request of an eligible applicant
19 under this section, make production-based payments
20 to the applicant in lieu of a grant.

21 “(2) CONTINGENCY.—Payments under para-
22 graph (1) shall be contingent on documented energy
23 production and sales from the renewable energy sys-
24 tem to a third party.

1 “(3) LIMITATION.—The total net present value
2 of a production-based incentive may not exceed the
3 lesser of—

4 “(A) 25 percent of the eligible project
5 costs; and

6 “(B) any other limits that the Secretary
7 establishes by rule or guidance.”; and

8 (5) by adding at the end the following:

9 “(g) FUNDING.—

10 “(1) COMMODITY CREDIT CORPORATION.—Of
11 the funds of the Commodity Credit Corporation, the
12 Secretary shall use to carry out this section—

13 “(A) \$60,000,000 for fiscal year 2008;

14 “(B) \$90,000,000 for fiscal year 2009;

15 “(C) \$130,000,000 for fiscal year 2010;

16 “(D) \$180,000,000 for fiscal year 2011;

17 and

18 “(E) \$250,000,000 for each of fiscal years

19 2012 and 2013.

20 “(2) AVAILABILITY OF FUNDS.—Funds made
21 available under paragraph (1) shall remain available
22 until expended.”.

23 **SEC. 7006. BIOMASS RESEARCH AND DEVELOPMENT.**

24 (a) DISTRIBUTION OF FUNDING BY AND WITHIN
25 EACH TECHNICAL AREA.—Section 307(g) of the Biomass

1 Research and Development Act of 2000 (7 U.S.C.
 2 8606(g)) is amended in paragraphs (2) and (3) by striking
 3 “2010” each place it appears and inserting “2013”.

4 (b) FUNDING.—Section 310 of the Biomass Research
 5 and Development Act of 2000 (7 U.S.C. 8609) is amend-
 6 ed—

7 (1) by striking subsection (a) and inserting the
 8 following:

9 “(a) FUNDING.—Of the funds of the Commodity
 10 Credit Corporation, the Secretary shall use to carry out
 11 this title \$25,000,000 for each of fiscal years 2008
 12 through 2013.”; and

13 (2) by adding at the end the following:

14 “(c) AVAILABILITY OF FUNDS.—Funds made avail-
 15 able under subsections (a) and (b) shall remain available
 16 until expended.”.

17 **SEC. 7007. COOPERATIVE RESEARCH AND EXTENSION**
 18 **PROJECTS.**

19 The Agricultural Risk Protection Act of 2000 is
 20 amended—

21 (1) in section 221 (7 U.S.C. 6711), by striking
 22 “2007” each place it appears and inserting “2013”;
 23 and

24 (2) by inserting after section 227 (Public Law
 25 106–224; 114 Stat. 409) the following:

1 **“SEC. 228. COOPERATIVE RESEARCH AND EXTENSION**
2 **PROJECTS FOR CARBON CYCLE, RENEWABLE**
3 **ENERGY, AND CLIMATE CHANGE IN THE**
4 **NORTHEAST AND MID-ATLANTIC.**

5 “(a) IN GENERAL.—The Secretary shall use
6 \$15,000,000 to provide grants to the eligible universities
7 described in subsection (b) for the conduct of research on
8 carbon cycle, renewable energy, and climate change.

9 “(b) ELIGIBLE UNIVERSITIES.—The eligible univer-
10 sities referred to in subsection (a) are—

11 “(1) Cornell University;

12 “(2) the University of the District of Columbia;

13 and

14 “(3) public universities in the following States:

15 “(A) Connecticut.

16 “(B) Delaware.

17 “(C) Maine.

18 “(D) Maryland.

19 “(E) Massachusetts.

20 “(F) New Hampshire.

21 “(G) New Jersey.

22 “(H) New York.

23 “(I) Pennsylvania.

24 “(J) Rhode Island.

25 “(K) Vermont.

26 “(L) Virginia.

1 “(c) USE.—The universities described in subsection
2 (b) shall use funds made available under this section—

3 “(1) to conduct research to improve the sci-
4 entific basis of using land management practices to
5 increase soil carbon sequestration, including research
6 on the use of new technologies to increase carbon
7 cycle effectiveness, such as biotechnology and
8 nanotechnology;

9 “(2) to enter into partnerships to identify, de-
10 velop, and evaluate agricultural best practices, in-
11 cluding partnerships between—

12 “(A) Federal, State, or private entities;
13 and

14 “(B) the Department of Agriculture;

15 “(3) to develop necessary computer models to
16 predict and assess the carbon cycle;

17 “(4) to estimate and develop mechanisms to
18 measure carbon levels made available as a result
19 of—

20 “(A) voluntary Federal conservation pro-
21 grams;

22 “(B) private and Federal forests; and

23 “(C) other land uses;

24 “(5) to develop outreach programs, in coordina-
25 tion with Extension Services, to share information

1 on carbon cycle and agricultural best practices that
2 is useful to agricultural producers;

3 “(6) to conduct research on the effects of in-
4 creased greenhouse gases and global warming on ag-
5 riculture in the Northeast and Mid-Atlantic regions;
6 and

7 “(7) to conduct studies of the potential for pro-
8 duction of—

9 “(A) ethanol and other biofuels from cel-
10 lulosic materials produced in the Northeast and
11 Mid-Atlantic regions;

12 “(B) electricity produced from cellulosic
13 materials produced in the Northeast and Mid-
14 Atlantic regions; and

15 “(C) natural gas produced from agricul-
16 tural waste and animal waste produced in the
17 Northeast and Mid-Atlantic regions.

18 “(d) ADMINISTRATIVE COSTS.—Not more than 3
19 percent of the funds made available under subsection (a)
20 may be used by the Secretary to pay administrative costs
21 incurred in carrying out this section.

22 “(e) AUTHORIZATION OF APPROPRIATIONS.—There
23 is authorized to be appropriated to carry out this section
24 \$15,000,000 for each of fiscal years 2008 through 2013.”.

1 **SEC. 7008. INDUSTRIAL SITE REDEVELOPMENT THROUGH**
 2 **CELLULOSIC PROGRAM.**

3 Section 9010 of the Farm Security and Rural Invest-
 4 ment Act of 2002 (7 U.S.C. 8108) is amended—

5 (1) by striking the section enumerator and the
 6 heading and inserting the following:

7 **“SEC. 9010. INDUSTRIAL SITE REDEVELOPMENT THROUGH**
 8 **CELLULOSIC PROGRAM.”;**

9 (2) in subsection (a)—

10 (A) by striking paragraph (1);

11 (B) by redesignating paragraph (2) as
 12 paragraph (1);

13 (C) by inserting after paragraph (1) (as
 14 redesignated by subparagraph (B)) the fol-
 15 lowing:

16 “(2) BIOFUEL.—The term ‘biofuel’ means—

17 “(A) biodiesel;

18 “(B) fuel grade ethanol; and

19 “(C) other liquid transportation fuels.”;

20 (D) in paragraph (3)—

21 (i) by striking subparagraph (A) and
 22 inserting the following:

23 “(A) residue and waste material from the
 24 production of agricultural crops (such as wheat
 25 and rice straw, corn stover, sugar bagasse, and
 26 trimmings from fruits and tree nuts);”; and

1 (ii) in subparagraph (D), by striking
 2 “bioenergy” and inserting “biofuel”; and
 3 (E) by striking paragraph (4) and insert-
 4 ing the following:

5 “(4) ELIGIBLE PRODUCER.—The term ‘eligible
 6 producer’ means a producer that operates an eligible
 7 project.

8 “(5) ELIGIBLE PROJECT.—The term ‘eligible
 9 project’ means a project that uses an eligible site for
 10 the industrial production of biofuel directly from an
 11 eligible commodity.

12 “(6) ELIGIBLE SITE.—

13 “(A) IN GENERAL.—The term ‘eligible site’
 14 means—

15 “(i) an active industrial or processing
 16 facility (such as a distillery, ethanol plant,
 17 or paper mill); or

18 “(ii) a site on which an industrial or
 19 processing facility that is no longer in ac-
 20 tive use is located.

21 “(B) INCLUSIONS.—The term ‘eligible site’
 22 includes any land contiguous with and imme-
 23 diately surrounding a facility or site described
 24 in subparagraph (A).

1 “(7) PROGRAM.—The term ‘program’ means
 2 the Industrial Site Redevelopment through Cellulosic
 3 Program established by subsection (b)(1).”; and
 4 (3) by striking subsections (b) and (c) and in-
 5 serting the following:

6 “(b) INDUSTRIAL SITE REDEVELOPMENT THROUGH
 7 CELLULOSIC PROGRAM.—

8 “(1) ESTABLISHMENT.—There is established in
 9 the Department of Agriculture the Industrial Site
 10 Redevelopment through Cellulosic Program.

11 “(2) PURPOSE.—The purpose of the program is
 12 to stimulate the conversion of existing industrial in-
 13 frastructure into advanced cellulosic biofuel produc-
 14 tion facilities to—

15 “(A) diversify fuel options;

16 “(B) stimulate rural development; and

17 “(C) provide new markets for agricultural
 18 goods and byproducts.

19 “(3) GRANTS, LOANS, AND LOAN GUARAN-
 20 TEES.—

21 “(A) IN GENERAL.—Under the program,
 22 the Secretary may provide grants, loans, and
 23 loan guarantees to eligible producers for—

24 “(i) the purchase of equipment for an
 25 eligible project;

1 “(ii) the purchase of construction or
2 related services for an eligible project; and

3 “(iii) the construction of infrastruc-
4 ture for an eligible project.

5 “(B) LIMITATIONS.—

6 “(i) GRANTS.—The maximum amount
7 of a grant provided to any 1 eligible pro-
8 ducer under subparagraph (A) shall be not
9 more than \$25,000,000.

10 “(ii) TOTAL ASSISTANCE.—The total
11 amount of grants, loans, and loan guaran-
12 tees provided to any 1 eligible producer
13 under subparagraph (A) shall be not more
14 than \$50,000,000.

15 “(C) MATCHING FUNDS.—An eligible pro-
16 ducer that receives a grant under the program
17 shall provide matching funds from non-Federal
18 sources in an amount that is at least equal to
19 the amount of the grant.

20 “(4) PRODUCER PAYMENTS IN LIEU OF
21 GRANTS.—

22 “(A) IN GENERAL.—In lieu of a grant pro-
23 vided under the program, the Secretary may
24 make an annual payment to an eligible pro-
25 ducer that provides up to \$2 for each gallon of

1 biofuel produced by the eligible producer during
2 applicable year.

3 “(B) LIMITATIONS.—

4 “(i) PAYMENTS.—The total amount of
5 producer payments provided under sub-
6 paragraph (A) shall be not more than
7 \$25,000,000.

8 “(ii) ALL FORMS OF ASSISTANCE.—

9 The total amount of producer payments,
10 grants, loans, and loan guarantees pro-
11 vided to eligible producers under the pro-
12 gram shall be not more than \$50,000,000.

13 “(5) OTHER REQUIREMENTS.—To be eligible to
14 receive a grant, loan, loan guarantee, or payment
15 under the program, an eligible producer shall meet
16 other requirements of Federal law (including regula-
17 tions) applicable to—

18 “(A) the production of bioenergy; and

19 “(B) the provision of assistance from the
20 Department of Agriculture.

21 “(c) FUNDING.—Of the funds of the Commodity
22 Credit Corporation, the Secretary shall use to carry out
23 this section \$150,000,000 for each of fiscal years 2008
24 through 2013, to remain available until expended.”.

1 **SEC. 7009. FARM AND RANCH ENERGY EFFICIENCY REBATE**
 2 **PROGRAM.**

3 (a) DEFINITIONS.—In this section:

4 (1) ELIGIBLE ENTITY.—The term “eligible enti-
 5 ty” means—

6 (A) a State energy or agriculture office;

7 (B) a nonprofit State-based energy effi-
 8 ciency or renewable energy organization that
 9 uses public funds provided directly by, or under
 10 contract with, a State agency;

11 (C) any other nonprofit organization with
 12 a demonstrated ability to administer a state-
 13 wide energy efficiency or renewable energy re-
 14 bate program; or

15 (D) a consortium of entities described in
 16 subparagraphs (A) through (C).

17 (2) SECRETARY.—The term “Secretary” means
 18 the Secretary of Agriculture.

19 (b) GRANTS.—The Secretary shall provide competi-
 20 tive grants to eligible entities to provide rebates to agricul-
 21 tural producers, rural school districts, and rural small
 22 businesses that—

23 (1) purchase renewable energy systems; or

24 (2) make energy efficiency improvements.

25 (c) MERIT REVIEW.—

1 (1) IN GENERAL.—The Secretary shall establish
2 a merit review process to review applications for
3 grants under this section.

4 (2) REQUIREMENTS.—In reviewing the applica-
5 tion of an eligible entity for a grant under this sec-
6 tion, the Secretary shall consider—

7 (A) the experience and expertise of the eli-
8 gible entity in establishing and administering a
9 statewide clean energy rebate program;

10 (B) the annual projected energy savings or
11 production increases from the proposed pro-
12 gram;

13 (C) the projected environmental benefits
14 from the proposed program; and

15 (D) other appropriate factors, as deter-
16 mined by the Secretary.

17 (d) REBATE AMOUNT.—The amount of a rebate pro-
18 vided from a grant under this section shall not exceed the
19 lesser of—

20 (1) \$10,000; or

21 (2) 50 percent of the cost incurred in—

22 (A) purchasing a renewable energy system;

23 or

24 (B) making an energy efficiency improve-
25 ment.

1 (e) MAINTENANCE OF EFFORT.—An eligible entity
 2 that receives a grant under subsection (b) shall provide
 3 assurances to the Secretary that any funds provided to
 4 the entity under this subsection will be used only to sup-
 5 plement, not to supplant, the amount of Federal, State,
 6 and local funds otherwise expended for rebate programs.

7 (f) FUNDING.—Of the funds of the Commodity Cred-
 8 it Corporation, the Secretary shall use to carry out this
 9 section \$10,000,000 for each of fiscal years 2008 through
 10 2013, to remain available until expended.

11 **SEC. 7010. ALTERNATIVE USES FOR BIOFUEL BYPRODUCTS.**

12 (a) DEFINITIONS.—In this section:

13 (1) BIOENERGY.—The term “bioenergy” means
 14 heat or electricity produced from—

- 15 (A) solar panels or concentrators;
- 16 (B) wind capturing devices;
- 17 (C) small-scale hydroelectric devices;
- 18 (D) methane and other biodigesters;
- 19 (E) landfill digesters;
- 20 (F) biomass; or
- 21 (G) waste materials from cropping or live-
 22 stock production.

23 (2) BIOFUEL.—The term “biofuel” means—

- 24 (A) biodiesel;
- 25 (B) fuel grade ethanol; and

1 (C) other liquid transportation fuels.

2 (3) BYPRODUCT.—The term “byproduct” in-
3 cludes—

4 (A) any solid, gaseous, or liquid matter
5 produced from the biofuel or bioenergy produc-
6 tion process that may be converted to food,
7 feed, fiber, or energy;

8 (B) unused electricity, energy, or heat pro-
9 duced from the biofuel or bioenergy production
10 process; and

11 (C) unused solid, gaseous, or liquid mate-
12 rials not consumed during the biofuel or bio-
13 energy production process.

14 (4) SECRETARY.—The term “Secretary” means
15 the Secretary of Agriculture.

16 (b) GRANTS.—The Secretary shall provide grants to
17 the eligible universities described in subsection (b) for the
18 conduct of research on alternative uses for byproducts pro-
19 duced from the biofuel or bioenergy production process.

20 (c) ELIGIBLE UNIVERSITIES.—The eligible univer-
21 sities referred to in subsection (a) are—

22 (1) Cornell University;

23 (2) the University of the District of Columbia;

24 and

25 (3) public universities in the following States:

1 (A) Connecticut.

2 (B) Delaware.

3 (C) Maine.

4 (D) Maryland.

5 (E) Massachusetts.

6 (F) New Hampshire.

7 (G) New Jersey.

8 (H) New York.

9 (I) Pennsylvania.

10 (J) Rhode Island.

11 (K) Vermont.

12 (L) Virginia.

13 (d) MAXIMUM GRANT AMOUNT.—The amount of a
 14 grant provided to any 1 eligible institution under this sec-
 15 tion for a fiscal year shall not exceed an amount equal
 16 to the lesser of—

17 (1) \$1,000,000; or

18 (2) 10 percent of the funds made available to
 19 carry out this section for the fiscal year.

20 (e) AUTHORIZATION OF APPROPRIATIONS.—There is
 21 authorized to be appropriated to carry out this section
 22 \$10,000,000 for each of fiscal years 2008 through 2013.

23 **SEC. 7011. NATIONAL NET METERING FOR FARM ENERGY.**

24 (a) ADOPTION OF STANDARD.—Section 111(d) of the
 25 Public Utility Regulatory Policies Act of 1978 (16 U.S.C.

1 2621(d)) is amended by striking paragraph (11) and in-
 2 serting the following:

3 “(11) NET METERING.—On the request of any
 4 electric consumer served by an electric utility, the
 5 electric utility shall make available to the electric
 6 consumer net metering as provided in section
 7 115(j).”.

8 (b) SPECIAL RULES FOR NET METERING.—Section
 9 115 of the Public Utility Regulatory Policies Act of 1978
 10 (16 U.S.C. 2625) is amended by adding at the end the
 11 following:

12 “(j) NET METERING.—

13 “(1) DEFINITIONS.—In this subsection:

14 “(A) ELIGIBLE ON-SITE GENERATING FA-
 15 CILITY.—The term ‘eligible on-site generating
 16 facility’ means—

17 “(i) a facility on the site of a residen-
 18 tial electric consumer with a maximum
 19 generating capacity of 25 kilowatts or less;
 20 and

21 “(ii) a facility on the site of a com-
 22 mercial electric consumer with a maximum
 23 generating capacity of 1,000 kilowatts or
 24 less that is fueled solely by a renewable en-
 25 ergy resource.

1 “(B) NET METERING SERVICE.—The term
 2 ‘net metering service’ means service to an elec-
 3 tric consumer, as provided in section
 4 111(d)(11), under which electric energy gen-
 5 erated by that electric consumer from an eligi-
 6 ble on-site generating facility and delivered to
 7 the local distribution facilities may be used to
 8 offset electric energy provided by the electric
 9 utility to the electric consumer during the appli-
 10 cable billing period.

11 “(C) RENEWABLE ENERGY RESOURCE.—
 12 The term ‘renewable energy resource’ means—

13 “(i) solar, wind, biomass, geothermal,
 14 or wave energy;

15 “(ii) landfill gas;

16 “(iii) energy produced from livestock
 17 waste;

18 “(iv) energy produced from a bio-
 19 digester;

20 “(v) fuel cells; and

21 “(vi) a combined heat and power sys-
 22 tem.

23 “(2) NET METERING SERVICE.—For the pur-
 24 poses of undertaking the consideration and making
 25 the determination with respect to the standard con-

cerning net metering established by section 111(d)(11), the term ‘net metering service’ means a service provided in accordance with this subsection.

“(3) CHARGES BY AN ELECTRIC UTILITY.—An electric utility—

“(A) shall charge the owner or operator of an on-site generating facility rates and charges that are identical to those that would be charged other electric consumers of the electric utility in the same rate class; and

“(B) shall not charge the owner or operator of an on-site generating facility any additional standby, capacity, interconnection, or other rate or charge.

“(4) MEASUREMENT OF QUANTITIES.—An electric utility that sells electric energy to the owner or operator of an on-site generating facility shall measure the quantity of electric energy produced by the on-site facility and the quantity of electric energy consumed by the owner or operator of an on-site generating facility during a billing period in accordance with reasonable metering practices.

“(5) QUANTITY SOLD IN EXCESS OF QUANTITY SUPPLIED.—If the quantity of electric energy sold by the electric utility to an on-site generating facility

1 exceeds the quantity of electric energy supplied by
2 the on-site generating facility to the electric utility
3 during the billing period, the electric utility may bill
4 the owner or operator for the net quantity of electric
5 energy sold, in accordance with reasonable metering
6 practices.

7 “(6) QUANTITY SUPPLIED IN EXCESS OF QUAN-
8 TITY SOLD.—If the quantity of electric energy sup-
9 plied by the on-site generating facility to the electric
10 utility exceeds the quantity of electric energy sold by
11 the electric utility to the on-site generating facility
12 during the billing period—

13 “(A) the electric utility may bill the owner
14 or operator of the on-site generating facility for
15 the appropriate charges for the billing period in
16 accordance with paragraph (5); and

17 “(B) the owner or operator of the on-site
18 generating facility shall be credited for the ex-
19 cess kilowatt-hours generated during the billing
20 period with a kilowatt-hour credit appearing on
21 the bill for the following billing period.

22 “(7) COMPLIANCE WITH STANDARDS.—An eligi-
23 ble on-site generating facility and net metering sys-
24 tem used by an electric consumer shall meet all ap-
25 plicable safety, performance, reliability, and inter-

1 connection standards established by the National
2 Electrical Code, the Institute of Electrical and Elec-
3 tronics Engineers, and Underwriters Laboratories.

4 “(8) REQUIREMENTS.—The Commission, after
5 consultation with State regulatory authorities and
6 unregulated electric utilities, and after notice and
7 opportunity for comment, may promulgate additional
8 control and testing requirements for on-site gener-
9 ating facilities and net metering systems that the
10 Commission determines are necessary to protect
11 public safety and system reliability.

12 “(9) STATE AUTHORITY.—An electric utility
13 must provide net metering services to electric con-
14 sumers until the cumulative generating capacity of
15 net metering systems equals 10.0 percent of the
16 peak demand of the utility during the most recent
17 calendar year.

18 “(10) ADDITIONAL STATE REQUIREMENTS.—
19 Nothing in this subsection precludes a State from
20 imposing additional requirements regarding the
21 amount of net metering available within a State con-
22 sistent with the requirements of this section.”.

1 **TITLE VIII—HEALTH DIETS**

2 **SEC. 8001. EXPANSION OF FRESH FRUIT AND VEGETABLE**
 3 **PROGRAM.**

4 Section 18 of the Richard B. Russell National School
 5 Lunch Act (42 U.S.C. 1769) is amended—

6 (1) in subsection (g)—

7 (A) in paragraph (1)—

8 (i) in the matter preceding subpara-
 9 graph (A), by striking “July 2004” and in-
 10 serting “July 2007”; and

11 (ii) by striking subparagraphs (A) and
 12 (B) and inserting the following:

13 “(A) 100 elementary schools or secondary
 14 schools in each State;

15 “(B) additional elementary schools or sec-
 16 ondary schools in each State, in accordance
 17 with the proportion that—

18 “(i) the total student population of
 19 the State; bears to

20 “(ii) the total student population of
 21 all States; and”;

22 (B) in paragraph (3)(A), by striking
 23 “paragraph (1)(B)” and inserting “paragraph
 24 (1)”;

(C) in subparagraphs (A) and (B) of paragraph (5) by striking “2008” each place it appears and inserting “2011”; and

(D) in paragraph (6)(B)—

(i) in clause (i)—

(I) by striking “October 1, 2004”

and inserting “October 1, 2007”; and

(II) by striking “\$9,000,000”

and inserting “\$300,000,000”; and

(ii) by adding at the end the following:

“(iii) ADMINISTRATIVE EXPENSES.—

For fiscal year 2008 and each fiscal year thereafter, of amounts made available to carry out this subsection, the Secretary may use not more than 1 percent for administrative expenses of carrying out this subsection.

“(iv) STATE ADMINISTRATIVE COSTS.—

“(I) IN GENERAL.—Subject to subclause (II), for fiscal year 2008 and each fiscal year thereafter, of amounts made available to a State to carry out this subsection, the State

1 may use not more than 5 percent for
 2 administrative expenses of carrying
 3 out this subsection.

4 “(II) REQUIREMENT.—To be eli-
 5 gible to use funds under subclause (I),
 6 a State shall submit to the Secretary
 7 a plan indicating the manner in which
 8 the State intends to use the funds.

9 “(v) FEDERAL REQUIREMENTS.—Not
 10 later than 1 year after the date of enact-
 11 ment of this clause, and periodically there-
 12 after as the Secretary determines to be ap-
 13 propriate, the Secretary shall establish re-
 14 quirements for States in administering this
 15 subsection.”; and

16 (2) in subsection (i)(2), by striking “such sums
 17 as are necessary” and all that follows through the
 18 period at the end and inserting “to carry out this
 19 subsection \$20,000,000 for each of fiscal years 2008
 20 through 2013.”.

21 **SEC. 8002. SECTION 32 SPECIALTY CROP PURCHASES.**

22 Section 32 of the Act of August 24, 1935 (7 U.S.C.
 23 612c), is amended—

24 (1) by redesignating the first through sixth sen-
 25 tences as subsections (a) through (f), respectively;

1 (2) by redesignating the seventh and eighth
2 sentences as subsections (h) and (i), respectively;
3 and

4 (3) by inserting after subsection (f) the fol-
5 lowing:

6 “(g) PURCHASE OF AGRICULTURAL COMMODITIES.—

7 “(1) IN GENERAL.—Subject to paragraph (2),
8 for each of fiscal years 2008 through 2013, the Sec-
9 retary shall use not less than \$400,000,000 of
10 amounts made available to carry out this section to
11 purchase nonbasic agricultural commodities (such as
12 fruits, vegetables, and other specialty food crops).

13 “(2) PURCHASE OF FRESH FRUITS AND VEGE-
14 TABLES FOR CHILD NUTRITION PROGRAMS.—Of
15 amounts made available under paragraph (1), the
16 Secretary shall use for the purchase of fresh fruits
17 and vegetables for distribution to schools and service
18 institutions in accordance with section 6(a) of the
19 Richard B. Russell National School Lunch Act (42
20 U.S.C. 1755(a)) not less than—

21 “(A) \$50,000,000 for fiscal year 2008;

22 “(B) \$75,000,000 for each of fiscal years
23 2009 and 2010;

24 “(C) \$100,000,000 for fiscal year 2011;

25 and

1 “(D) \$125,000,000 for each of fiscal years
2 2012 and 2013.”.

3 **SEC. 8003. SCHOOL PREFERENCE STUDY.**

4 Section 12 of the Richard B. Russell National School
5 Lunch Act (42 U.S.C. 1760) is amended by adding at the
6 end the following:

7 “(p) SCHOOL PREFERENCE STUDY.—

8 “(1) IN GENERAL.—The Secretary shall carry
9 out a study of the preferences of elementary schools
10 and secondary schools for commodity distribution,
11 including the extent to which the schools prefer com-
12 modity distribution to include fresh fruits and vege-
13 tables.

14 “(2) REPORT.—The Secretary shall submit to
15 the Committee on Agriculture of the House of Rep-
16 resentatives and the Committee on Agriculture, Nu-
17 trition, and Forestry of the Senate a report on the
18 results of the study under paragraph (1) that in-
19 cludes—

20 “(A) an analysis of any logistical issue that
21 would impede efforts to increase the extent to
22 which commodity distribution to schools in-
23 cludes the distribution of fresh fruits and vege-
24 tables; and

1 “(B) recommendations for improving the
2 availability of fresh fruits and vegetables to
3 schools.”.

4 **SEC. 8004. INDEPENDENT EVALUATION OF COMMODITY**
5 **PURCHASE PROCESS.**

6 Section 4 of the Agriculture and Consumer Protec-
7 tion Act of 1973 (7 U.S.C. 612c note; Public Law 93-
8 86) is amended—

9 (1) in subsection (a), in the first sentence by
10 striking “2007” and inserting “2013”; and

11 (2) by adding at the end the following:

12 “(d) INDEPENDENT EVALUATION OF COMMODITY
13 PURCHASE PROCESS.—

14 “(1) IN GENERAL.—The Secretary shall provide
15 for an independent evaluation of the process (includ-
16 ing the statutory and regulatory authority for the
17 process) by which the Secretary purchases commod-
18 ities in order to reduce the purchase of surplus com-
19 modities from the market and to support commodity
20 prices and producer income—

21 “(A) especially with respect to activities
22 under section 32 of the Act of August 24, 1935
23 (7 U.S.C. 612c); and

1 “(B) taking into consideration the impor-
 2 tance of increasing purchases of perishable spe-
 3 cialty crops.

4 “(2) REPORT.—Not later than 1 year after the
 5 date of enactment of this subsection, the Secretary
 6 shall submit to the Committee on Agriculture of the
 7 House of Representatives and the Committee on Ag-
 8 riculture, Nutrition, and Forestry of the Senate a
 9 report on the results of the evaluation under para-
 10 graph (1).”.

11 **SEC. 8005. WIC FARMERS’ MARKET NUTRITION PROGRAM.**

12 Section 17(m)(9)(A) of the Child Nutrition Act of
 13 1966 (42 U.S.C. 1786(m)(9)(A)) is amended—

14 (1) in clause (i), by striking “2009” and insert-
 15 ing “2013”; and

16 (2) by striking clause (ii) and inserting the fol-
 17 lowing:

18 “(ii) MANDATORY FUNDING.—Of the
 19 funds of the Commodity Credit Corpora-
 20 tion, the Secretary shall make available to
 21 carry out this subsection, to remain avail-
 22 able until expended—

23 “(I) \$20,000,000 for fiscal year
 24 2008;

1 “(II) \$30,000,000 for fiscal year
 2 2009;
 3 “(III) \$45,000,000 for fiscal year
 4 2010;
 5 “(IV) \$60,000,000 for fiscal year
 6 2011; and
 7 “(V) not less than \$75,000,000
 8 for fiscal year 2012 and each fiscal
 9 year thereafter.”.

10 **SEC. 8006. SENIORS FARMERS’ MARKET NUTRITION PRO-**
 11 **GRAM.**

12 Section 4402 of the Farm Security and Rural Invest-
 13 ment Act of 2002 (7 U.S.C. 3007) is amended—

14 (1) by striking subsection (a) and inserting the
 15 following:

16 “(a) ESTABLISHMENT.—Of funds available to the
 17 Commodity Credit Corporation, the Secretary of Agri-
 18 culture (referred to in this section as the ‘Secretary’) shall
 19 use to carry out and expand a seniors farmers’ market
 20 nutrition program—

21 “(1) \$20,000,000 for fiscal year 2008;

22 “(2) \$30,000,000 for fiscal year 2009;

23 “(3) \$45,000,000 for fiscal year 2010;

24 “(4) \$60,000,000 for fiscal year 2011; and

1 “(5) not less than \$75,000,000 for fiscal year
2 2012 and each fiscal year thereafter.”;

3 (2) in subsection (b)—

4 (A) in paragraph (2), by striking “and” at
5 the end;

6 (B) in paragraph (3), by striking the pe-
7 riod at the end and inserting “; and”; and

8 (C) by adding at the end the following:

9 “(4) to promote the transition to organic and
10 other environmentally beneficial food production sys-
11 tems.”;

12 (3) by redesignating subsection (c) as sub-
13 section (d); and

14 (4) by inserting after subsection (b) the fol-
15 lowing:

16 “(c) ELIGIBLE PARTICIPANTS; BENEFITS LEVELS.—
17 Regulations issued pursuant to subsection (d)—

18 “(1) shall allow for participation by participants
19 in farmers’ markets, roadside stands, and commu-
20 nity supported agriculture programs; and

21 “(2) shall not limit the ability of any State or
22 regional program to set benefit levels for individual
23 seniors.”.

1 **SEC. 8007. DIRECT-TO-CONSUMER PROMOTION PROGRAM.**

2 Section 6 of the Farmer-to-Consumer Direct Mar-
 3 keting Act of 1976 (7 U.S.C. 3005) is amended by strik-
 4 ing subsections (c) through (e) and inserting the following:

5 “(c) **ELIGIBILITY.**—

6 “(1) **ELIGIBLE ENTITIES.**—An entity shall be
 7 eligible to receive a grant under the Program if the
 8 entity is—

9 “(A) 2 or more agricultural producers or
 10 farm vendors that produce and sell products
 11 through a common distribution channel;

12 “(B) an agricultural cooperative or pro-
 13 ducer association or network;

14 “(C) a local government;

15 “(D) a nonprofit corporation;

16 “(E) a public benefit corporation;

17 “(F) an economic development corporation;

18 “(G) a regional farmers’ market authority;

19 or

20 “(H) such other entity as the Secretary
 21 may designate.

22 “(2) **ELIGIBLE ACTIVITIES.**—Eligible direct
 23 farmer-to-consumer activities include—

24 “(A) farmers’ markets;

25 “(B) roadside stands;

26 “(C) community-supported agriculture;

1 “(D) activities to support the use of elec-
 2 tronic benefit transfer systems at farmers’ mar-
 3 kets and other direct market enterprises, if fea-
 4 sible;

5 “(E) pick-your-own operations;

6 “(F) producer-owned agritourism activities
 7 facilitating the direct sale of agricultural prod-
 8 ucts;

9 “(G) related Internet and mail order sales;
 10 and

11 “(H) other similar ventures, as determined
 12 by the Secretary.

13 “(d) FUNDING.—The Secretary shall use
 14 \$25,000,000 of funds of the Commodity Credit Corpora-
 15 tion to carry out this section for each of fiscal years 2008
 16 through 2013, of which not less than 10 percent shall be
 17 used to support the use of electronic benefit transfers at
 18 farmers’ markets.”.

19 **SEC. 8008. PURCHASES OF LOCALLY PRODUCED FOODS.**

20 (a) FINDINGS.—Congress finds that—

21 (1) locally produced agricultural products, as
 22 compared to products transported from distant
 23 sources—

24 (A)(i) are often harvested closer to full
 25 ripeness; and

1 (ii) can provide higher nutritional quality;

2 (B) can provide improved ripeness, taste,
3 and selection, which can increase rates of con-
4 sumption of agricultural products; and

5 (C) are more efficient to store, distribute,
6 and package; and

7 (2) use of local produce to carry out nutrition
8 programs—

9 (A) reduces dependence on foreign oil by
10 reducing fuel consumption rates associated with
11 the production or transportation of agricultural
12 products;

13 (B) can improve the ability of users of the
14 procurement system to provide education relat-
15 ing to nutrition, farming, sustainability, energy
16 efficiency, and the importance of local pur-
17 chases to the local economy;

18 (C) helps to maintain a robust logistics
19 network for agricultural product procurement;
20 and

21 (D) promotes farm, business, and economic
22 development by accessing local markets.

23 (b) PROGRAM IMPROVEMENTS.—Section 9(j) of the
24 Richard B. Russell National School Lunch Act (42 U.S.C.
25 1758(j)) is amended—

1 (1) in paragraph (1)—

2 (A) by striking “IN GENERAL” and insert-
3 ing “PURCHASES”; and

4 (B) by striking subparagraph (A) and in-
5 serting the following:

6 “(A) allow institutions described in para-
7 graph (3)(A)—

8 “(i) to purchase, in addition to other
9 food purchases, locally produced foods for
10 school meal programs, to the maximum ex-
11 tent practicable and appropriate; and

12 “(ii) to establish, in compliance with
13 Federal and State procurement laws (in-
14 cluding regulations), preapproved suppliers
15 and product lists that require a com-
16 prehensive competitive evaluation before a
17 supplier or product is included on the
18 list;”;

19 (2) by redesignating paragraph (2) as para-
20 graph (6);

21 (3) by inserting after paragraph (1) the fol-
22 lowing:

23 “(2) DEPARTMENT OF DEFENSE.—Notwith-
24 standing any other provision of law, the Secretary of
25 Defense may elect to use a geographic preference to

1 purchase locally produced agricultural products
2 for—

3 “(A) the Defense Supply Center Philadel-
4 phia;

5 “(B) the Department of Defense Farm to
6 School Program;

7 “(C) the Department of Defense Fresh
8 Fruit and Vegetable Program;

9 “(D) the service academies of the Depart-
10 ment of Defense;

11 “(E) Department of Defense domestic de-
12 pendent schools;

13 “(F) other Department of Defense schools
14 under chapter 108 of title 10, United States
15 Code;

16 “(G) commissary and exchange stores of
17 the Department of Defense; and

18 “(H) morale, welfare, and recreation facili-
19 ties operated by the Department of Defense.

20 “(3) DEPARTMENT OF AGRICULTURE AND RE-
21 LATED ENTITIES.—

22 “(A) IN GENERAL.—Notwithstanding any
23 other provision of law, the Secretary or the
24 head of any school, local educational agency, or
25 other entity, as applicable, may elect to use a

1 geographic preference to purchase locally pro-
2 duced agricultural products for—

3 “(i) the school breakfast program es-
4 tablished by section 4 of the Child Nutri-
5 tion Act of 1966 (42 U.S.C. 1773);

6 “(ii) the school lunch program estab-
7 lished under this Act;

8 “(iii) the summer food service pro-
9 gram for children established under section
10 13; and

11 “(iv) the child and adult care food
12 program established under section 17.

13 “(B) REPORT.—The head of any school,
14 local educational agency, or other entity partici-
15 pating in a program described in subparagraph
16 (A) that makes an election under that subpara-
17 graph shall submit to the Secretary a report de-
18 scribing any case in which the school, local edu-
19 cational agency, or other entity pays an amount
20 in excess of an amount equal to 10 percent
21 more than the lowest applicable bid to purchase
22 locally produced agricultural products.

23 “(4) TREATMENT OF CERTAIN BIDS.—

24 “(A) IN GENERAL.—On making an election
25 under paragraph (2) or (3), the Secretary, the

1 Secretary of Defense, or the head of any school,
2 local educational agency, or other entity partici-
3 pating in a program described in paragraph
4 (3)(A) may—

5 “(i) include in the text of any bid a
6 description of the election;

7 “(ii) select any bid involving a locally
8 produced agricultural product, regardless
9 of whether the bid is the lowest bid relat-
10 ing to the agricultural product; and

11 “(iii) subject to subparagraph (B), ac-
12 quire agricultural products from
13 preapproved local and regional vendors and
14 distributors authorized by the Secretary
15 that have agreed to supply eligible prod-
16 ucts to the above referenced schools and
17 service institutions.

18 “(B) REQUIREMENTS.—To be eligible to
19 be preapproved by the Secretary a vendor or
20 distributor described in subparagraph (A)(iii)
21 shall—

22 “(i) demonstrate an ability to supply
23 agricultural products from local growers
24 and processors;

1 “(ii) comply with food safety stand-
2 ards developed by the Secretary; and

3 “(iii) consistently provide agricultural
4 products that meet standards of grade,
5 size, freshness, and quality as required by
6 the Secretary or local procurement officer.

7 “(C) RELATION TO STATE PROCUREMENT
8 LAWS.—Nothing in this paragraph precludes a
9 school or service institution described in sub-
10 paragraph (A) from purchasing agricultural
11 products from potential local farmers in compli-
12 ance with applicable State procurement laws.

13 “(5) REVIEW.—The Secretary and the Sec-
14 retary of Defense shall periodically review each elec-
15 tion to use a geographic preference under this sub-
16 section to prevent fraud or abuse.”; and

17 (4) in paragraph (6)(A) (as redesignated by
18 paragraph (2)), by striking “2009” and inserting
19 “2013”.

1 **TITLE IX—MISCELLANEOUS**
 2 **Subtitle A—Organic Agriculture**

3 **SEC. 9001. NATIONAL ORGANIC CERTIFICATION COST-**
 4 **SHARE PROGRAM.**

5 (a) IN GENERAL.—Section 2104 of the Organic
 6 Foods Production Act of 1990 (7 U.S.C. 6503) is amend-
 7 ed—

8 (1) in subsection (d)—

9 (A) the first sentence, by striking “The
 10 Secretary” and inserting the following:

11 “(1) IN GENERAL.—The Secretary”;

12 (B) in the second sentence, by striking
 13 “Such certifying agents” and inserting the fol-
 14 lowing:

15 “(2) REQUIREMENTS.—Certifying agents”; and

16 (C) by adding at the end the following:

17 “(3) NATIONAL ORGANIC CERTIFICATION COST-
 18 SHARE PROGRAM.—

19 “(A) IN GENERAL.—The Secretary, acting
 20 through the Director of the Natural Resources
 21 Conservation Service, shall establish a national
 22 organic certification cost-share program in each
 23 State to assist producers and handlers in the
 24 State in obtaining certification under this sub-
 25 section.

1 “(B) FEDERAL SHARE.—

2 “(i) IN GENERAL.—Subject to clause
3 (ii), the Secretary shall pay to each pro-
4 ducer or handler participating in the pro-
5 gram under this paragraph an amount
6 equal to 75 percent of the costs incurred
7 by the producer or handler in obtaining
8 certification under this subsection, as cer-
9 tified to and approved by the Secretary.

10 “(ii) MAXIMUM AMOUNT OF PAY-
11 MENT.—The maximum amount of a pay-
12 ment made to a producer or handler under
13 this paragraph for a fiscal year shall be
14 \$750.

15 “(C) FUNDING.—

16 “(i) IN GENERAL.—Not later than 30
17 days after the date of enactment of this
18 paragraph, on October 1, 2007, and on
19 each October 1 thereafter through October
20 1, 2012, out of any funds in the Treasury
21 not otherwise appropriated, the Secretary
22 of the Treasury shall transfer to the Sec-
23 retary to carry out this section \$2,500,000,
24 to remain available until expended.

1 “(ii) RECEIPT AND ACCEPTANCE.—

2 The Secretary shall be entitled to receive,
3 shall accept, and shall use to carry out this
4 section the funds transferred under para-
5 graph (1), without further appropriation.”;

6 and

7 (2) by adding at the end the following:

8 “(e) REIMBURSEMENTS FOR INFRASTRUCTURE NEC-
9 ESSARY TO IMPLEMENT ORGANIC PRACTICE STAND-
10 ARDS.—

11 “(1) ESTABLISHMENT.—The Secretary, acting
12 through the Director of the Natural Resources Con-
13 servation Service, shall establish a program to reim-
14 burse producers for the costs of—

15 “(A) transitioning to organic food produc-
16 tion; and

17 “(B) developing and implementing infra-
18 structure and practices necessary to transition
19 land and animals to meet the requirements of
20 this title.

21 “(2) PLAN SUBMISSION.—The Secretary may
22 reimburse a producer under this subsection only if
23 the producer submits to the Secretary an organic
24 transition plan that contains a description of—

1 “(A) the expected costs of obtaining and
 2 implementing necessary infrastructure and
 3 practices;

4 “(B) the environmental and economic ben-
 5 efits derived from the infrastructure or imple-
 6 mentation of organic practice standards; and

7 “(C) an existing market or the reasonable
 8 expectation of a future market for the products
 9 the producer intends to produce.

10 “(3) APPROPRIATE INFRASTRUCTURE AND
 11 PRACTICE STANDARDS.—The Secretary shall reim-
 12 burse producers under this subsection only for the
 13 costs of—

14 “(A) obtaining farm infrastructure nec-
 15 essary to implement organic practice standards
 16 (including livestock watering facilities, fencing,
 17 and organic pest and weed control measures),
 18 on the condition that the infrastructure is con-
 19 sistent with an approved plan to transition to
 20 certified organic production;

21 “(B) implementing organic livestock wel-
 22 fare measures, on the condition that the meas-
 23 ures are—

24 “(i) necessary to implement an or-
 25 ganic practice standard; and

1 “(ii) consistent with an approved plan
2 to transition to certified organic produc-
3 tion;

4 “(C) carrying out advanced organic prac-
5 tices, on the condition that the practices are
6 consistent with an approved plan to transition
7 to certified organic production;

8 “(D) obtaining technical assistance, includ-
9 ing the costs of developing an approved transi-
10 tion plan under this section; and

11 “(E) carrying out such other projects and
12 activities as the Secretary, after consultation
13 with the National Organic Standards Board,
14 determines to be appropriate.

15 “(4) ORGANIC TRANSITION TECHNICAL AD-
16 VICE.—The Secretary shall consult with the Na-
17 tional Organic Standards Board with respect to—

18 “(A) the elements required to be included
19 in a plan approved under this subsection; and

20 “(B) the identification and recommenda-
21 tion of ways to facilitate the transition to or-
22 ganic production.

23 “(5) MAXIMUM AMOUNT FOR TRANSITION RE-
24 IMBURSEMENT.—The maximum amount of reim-
25 bursement paid to a producer for transition to or-

1 ganic production under this subsection shall be
2 \$10,000 for each fiscal year.

3 “(6) ELIGIBLE FISCAL YEARS.—A producer
4 may receive payments under this subsection for a
5 period of not more than 4 consecutive fiscal years.

6 “(7) TRANSITION REIMBURSEMENTS FOR OR-
7 GANIC PRODUCERS.—A certified organic producer
8 participating in the national organic program under
9 this title shall be eligible to receive reimbursement
10 under this subsection to make the transition to or-
11 ganic production for new land and livestock.

12 “(8) LIMITATION ON REIMBURSEMENTS.—The
13 Secretary shall not enroll a producer under this sub-
14 section if, for any particular agricultural product,
15 the producers currently enrolled in the program
16 produce a quantity of that agricultural product that
17 is greater than 10 percent of the quantity of that
18 agricultural product produced by all producers cer-
19 tified under this title on the date of enactment of
20 this subsection.

21 “(9) APPEALS.—An applicant seeking transi-
22 tion assistance under this subsection shall have the
23 right to appeal an adverse decision by Secretary with
24 regard to an application for assistance in accordance

1 with section 275 of the Department of Agriculture
2 Reorganization Act of 1994 (7 U.S.C. 6995).

3 “(f) TECHNICAL ASSISTANCE.—The Secretary may
4 provide technical assistance to producers to carry out sub-
5 sections (d) and (e), including for use in entering into co-
6 operative agreements with qualified entities under sub-
7 section (e) to implement the transition to organic produc-
8 tion.

9 “(g) REPORTING.—Not later than the first March 1
10 following the date of enactment of this subsection, and an-
11 nually thereafter, the Secretary shall submit to the Com-
12 mittee on Agriculture of the House of Representatives, the
13 Committee on Agriculture, Nutrition, and Forestry of the
14 Senate, and the National Organic Standards Board a re-
15 port that describes—

16 “(1) State-by-State expenditures on certifi-
17 cation under subsection (d), including the number of
18 producers and handlers served by the program under
19 that subsection;

20 “(2) State-by-State expenditures on transition
21 assistance under subsection (e), including the num-
22 ber of producers served by the program under that
23 subsection;

1 “(3) the practices implemented under sub-
2 section (e) as a result of assistance provided under
3 that subsection; and

4 “(4) the effects of the programs under sub-
5 sections (d) and (e) on organic food production, in-
6 cluding any recommendations for reforms.

7 “(h) FUNDING.—

8 “(1) IN GENERAL.—Not later than 30 days
9 after the date of enactment of this subsection, on
10 October 1, 2007, and on each October 1 thereafter
11 through October 1, 2012, out of any funds in the
12 Treasury not otherwise appropriated, the Secretary
13 of the Treasury shall transfer to the Secretary to
14 carry out this section \$35,000,000, to remain avail-
15 able until expended.

16 “(2) RECEIPT AND ACCEPTANCE.—The Sec-
17 retary shall be entitled to receive, shall accept, and
18 shall use to carry out this section the funds trans-
19 ferred under paragraph (1), without further appro-
20 priation.”.

21 (b) CONFORMING AMENDMENTS.—

22 (1) Section 2103 of the Organic Foods Produc-
23 tion Act of 1990 (7 U.S.C. 6502) is amended—

1 (A) by redesignating paragraphs (20) and
 2 (21) as paragraphs (21) and (22), respectively;
 3 and

4 (B) by inserting after paragraph (19) the
 5 following:

6 “(20) STATE.—The term ‘State’ means—

7 “(A) a State;

8 “(B) the District of Columbia;

9 “(C) the Commonwealth of Puerto Rico;

10 and

11 “(D) any other territory or possession of
 12 the United States.”.

13 (2) Section 10606 of the Farm Security and
 14 Rural Investment Act of 2002 (7 U.S.C. 6523) is re-
 15 pealed.

16 **Subtitle B—Crop Insurance**

17 **SEC. 9011. PROVISION OF ORGANIC INSURANCE PRO-** 18 **GRAMS.**

19 (a) EXPECTED MARKET PRICE.—Section
 20 508(c)(5)(C) of the Federal Crop Insurance Act (7 U.S.C.
 21 1508(c)(5)(C)) is amended—

22 (1) in clause (iii), by striking “or” at the end;

23 (2) in clause (iv), by striking the period at the
 24 end and inserting “; or”; and

25 (3) by adding at the end the following:

1 “(v) not later than October 1, 2009,
 2 in the case of organic commodities, shall be
 3 the expected or the actual organic market
 4 price of the agricultural commodity, as de-
 5 termined by the Corporation.”.

6 (b) SURCHARGE PROHIBITION.—Section 508(d) of
 7 the Federal Crop Insurance Act (7 U.S.C. 1508(d)) is
 8 amended by adding at the end the following:

9 “(4) SURCHARGE PROHIBITION.—The Corpora-
 10 tion may not require producers to pay a premium
 11 surcharge for using scientifically-sound, sustainable,
 12 and organic farming practices and systems.”.

13 **SEC. 9012. COVERAGE AREA FLEXIBILITY.**

14 Section 508(a) of the Federal Crop Insurance Act (7
 15 U.S.C. 1508(a)) is amended by adding at the end the fol-
 16 lowing:

17 “(9) COVERAGE AREA FLEXIBILITY.—Notwith-
 18 standing any other provision of this title, in pro-
 19 viding insurance under this title, the Corporation
 20 shall provide flexibility to producers to separate in-
 21 surance units for each Farm Service Agency tract or
 22 to use section equivalents where mile-square section
 23 surveys are not in effect.”.

1 **SEC. 9013. CROP INSURANCE INCENTIVES FOR BEGINNING**
2 **FARMERS AND RANCHERS.**

3 Section 508(e) of the Federal Crop Insurance Act (7
4 U.S.C. 1508(e)) is amended—

5 (1) in paragraph (2), in the matter before sub-
6 paragraph (A), by striking “paragraph (4)” and in-
7 serting “paragraphs (4) and (6)”; and

8 (2) by adding at the end the following:

9 “(6) BEGINNING FARMERS AND RANCHERS.—

10 “(A) IN GENERAL.—The percentage of the
11 premium paid by the Corporation under sub-
12 paragraphs (B) through (G) of paragraph (2),
13 shall be increased by 50 percent for a beginning
14 farmer or rancher (as defined in section
15 7405(a) of the Farm Security and Rural In-
16 vestment Act of 2002 (7 U.S.C. 3319f(a))) dur-
17 ing the first year of farming or ranching oper-
18 ations.

19 “(B) SUBSEQUENT YEARS.—For each of
20 the 5 years subsequent to the first year of
21 farming or ranching, the percentage of the pre-
22 mium calculated in accordance with subpara-
23 graph (A) shall be decreased by 10 percent.”.

1 **SEC. 9014. CROP INSURANCE APPEALS FOR DENIAL OF**
 2 **CLAIMS.**

3 Section 508(j)(2) of the Federal Crop Insurance Act
 4 (7 U.S.C. 1508(j)(2)) is amended—

5 (1) in subparagraph (A)—

6 (A) by striking “subparagraph (B)” and
 7 inserting “subparagraphs (B) and (C)”; and

8 (B) by striking “only”;

9 (2) by adding at the end the following:

10 “(C) **ALTERNATIVE CLAIMS PROCEDURE.**—

11 The Secretary shall establish alternative claims
 12 procedures—

13 “(i) under which the Corporation, or
 14 an approved insurance provider, can settle
 15 appeals for denied claims; and

16 “(ii) that uses the State committee of
 17 the Farm Service Agency as a third-party
 18 arbiter.”.

19 **SEC. 9015. EXPANDED COVERAGE BASED ON HISTORICAL**
 20 **DATA.**

21 Section 522(d)(3) of the Federal Crop Insurance Act
 22 (7 U.S.C. 1522(d)(3)) is amended—

23 (1) in subparagraph (F), by striking “and” at
 24 the end;

25 (2) in subparagraph (G), by striking the period
 26 at the end and inserting “; and”; and

1 (3) by adding at the end the following:

2 “(H) to develop policies or other risk man-
3 agement tools that provide protection for all
4 crops or commodities produced commercially
5 within each county, using the historical produc-
6 tion of the producers as the basis for protec-
7 tion.”.

8 **SEC. 9016. REAUTHORIZATION, EXPANSION, AND IMPROVE-**
9 **MENT OF ADJUSTED GROSS REVENUE INSUR-**
10 **ANCE PILOT PROGRAM.**

11 (a) REAUTHORIZATION.—Section 523(e)(1) of the
12 Federal Crop Insurance Act (7 U.S.C. 1523(e)(1)) is
13 amended by striking “2004 reinsurance year” and insert-
14 ing “2013 reinsurance year”.

15 (b) EXPANSION.—Section 523(e)(2)(A) of the Fed-
16 eral Crop Insurance Act (7 U.S.C. 1523(e)(2)(A)) is
17 amended by striking “the Corporation” and all that fol-
18 lows through “Pennsylvania” and inserting “the Corpora-
19 tion shall include in the adjusted gross revenue insurance
20 pilot programs for each of the 2008 through 2013 reinsur-
21 ance years all counties and States that meet the criteria
22 for selection.”.

23 (c) SPECIFIC POLICY IMPROVEMENTS.—Section
24 523(e) of the Federal Crop Insurance Act (7 U.S.C.
25 1523(e)) is amended by adding at the end the following:

1 “(3) SPECIFIC REQUIREMENTS.—In carrying
2 out the pilot program under this subsection, the
3 Corporation shall, to the maximum extent prac-
4 ticable—

5 “(A) offer higher coverage levels, including
6 an 85 percent coverage level with an 100 per-
7 cent payment rate;

8 “(B) in order to maintain adequate cov-
9 erage levels during low income years, provide a
10 10-percent floor to declines in the 5-year in-
11 come history of a producer, which is used to de-
12 termine coverage levels;

13 “(C) include crop insurance payments and
14 noninsured crop disaster assistance as allowable
15 income in the 5-year average income history of
16 a producer, used in determining premium rates;

17 “(D) conduct additional analysis to more
18 accurately reflect the risk of producing dairy
19 and livestock;

20 “(E) provide clear and accurate informa-
21 tion regarding the coverage and inventory rules
22 for commodities with carryover inventory, in-
23 cluding Christmas trees, shellfish, nursery
24 crops, and livestock;

1 “(F) include the perils of quarantine and
2 bio-terrorism as insurable causes of loss;

3 “(G) establish local market value for direct
4 marketers by using the best available estimate
5 from direct marketers rather than commercial
6 buyers;

7 “(H) require that the value for estimating
8 the revenue for the intention report of pro-
9 ducers for the current year be determined at
10 the time the intentions report is filed; and

11 “(I) provide coverage levels that accurately
12 reflect the risk of a producer under conditions
13 of increasing intended revenue.

14 “(4) EXCLUSION FROM INCOME REQUIRE-
15 MENT.—Effective beginning on the date of enact-
16 ment of this paragraph, the Corporation shall elimi-
17 nate any single crop income requirement that ex-
18 cludes potatoes from the pilot program.

19 “(5) COVERED ANIMALS.—Effective beginning
20 on the date of enactment of this paragraph, the Cor-
21 poration shall revise the definition of ‘animals’ that
22 are eligible for coverage under the pilot program to
23 ensure that the definition includes—

24 “(A) animals in production agriculture;

1 “(B) fryers and shellfish from licensed
2 commercial producers under the local approving
3 authority in a certified growing area; and

4 “(C) livestock grown under contract, if the
5 producer can demonstrate an insurable interest
6 in the livestock.

7 “(6) BEGINNING FARMERS AND RANCHERS.—
8 The Corporation shall provide opportunities for be-
9 ginning farmers and ranchers (as defined in section
10 7405(a) of the Farm Security and Rural Investment
11 Act of 2002 (7 U.S.C. 3319f(a))) to participate in
12 the adjusted gross revenue insurance pilot program,
13 including by providing premium rates to be estab-
14 lished based on the historical information of similar
15 farms and ranches.

16 “(7) SMALL FARMERS AND RANCHERS.—The
17 Corporation shall develop a small farm revenue as-
18 surance pilot program to provide small farmers and
19 ranchers (as defined by the Secretary) with access to
20 streamlined, reasonably-priced risk management
21 products.

22 “(8) EQUITABLE TREATMENT OF ALL INCOME
23 TAX FILERS.—The Corporation shall revise program
24 requirements to ensure that producers that have a
25 taxable year other than the calendar year are treated

1 equitably to calendar year tax filers, including re-
 2 quirements for—

3 “(A) payment of premiums during or after
 4 the insurance year; and

5 “(B) multiple years of the intention report
 6 of a producer.

7 “(9) COMMODITIES PRODUCED FOR FEED.—

8 The Corporation shall revise program requirements
 9 to include commodities produced for on-farm feed as
 10 an intended commodity.”.

11 **SEC. 9017. AGRICULTURAL MANAGEMENT ASSISTANCE**
 12 **PROGRAM.**

13 Section 524(b)(4)(B)) of the Federal Crop Insurance
 14 Act (7 U.S.C. 1524(b)(4)(B)) is amended—

15 (1) in clause (ii)—

16 (A) by striking “fiscal years 2003 through
 17 2007” and inserting “fiscal years 2008 through
 18 2013”; and

19 (B) by striking “\$20,000,000” and insert-
 20 ing “\$40,000,000”; and

21 (2) in clause (iii)—

22 (A) by striking “fiscal years 2004 through
 23 2007” and inserting “fiscal years 2008 through
 24 2013”;

1 (B) in subclause (I), by striking
 2 “\$14,000,000” and inserting “\$19,000,000”;
 3 (C) in subclause (II), by striking
 4 “\$1,000,000” and inserting “\$2,000,000”; and
 5 (D) in subclause (III), by striking
 6 “\$5,000,000” and inserting “\$19,000,000”.

7 **SEC. 9018. EDUCATION AND RISK MANAGEMENT ASSIST-**
 8 **ANCE.**

9 Section 524(a)(3)(C) of the Federal Crop Insurance
 10 Act (7 U.S.C. 1524(a)(3)(C)) is amended by striking “2-
 11 year” and inserting “3-year”.

12 **Subtitle C—General Provisions**

13 **SEC. 9021. COLONY COLLAPSE DISORDER.**

14 The Secretary, acting through the Administrator of
 15 the Agricultural Research Service, shall use not less than
 16 \$250,000,000 during the 10-year period beginning on the
 17 date of enactment of this Act to carry out a study of hon-
 18 eybees and the 1 or more causes of colony collapse dis-
 19 order.

20 **SEC. 9022. 100-PERCENT EXCLUSION OF GAIN ON SALES OF**
 21 **CONSERVATION EASEMENTS ON FARMLAND**
 22 **TO ELIGIBLE ENTITIES FOR CONSERVATION**
 23 **PURPOSES.**

24 (a) IN GENERAL.—Part I of subchapter P of chapter
 25 1 of the Internal Revenue Code of 1986 (relating to treat-

1 ment of capital gains) is amended by adding at the end
 2 the following new section:

3 **“SEC. 1203. 100-PERCENT EXCLUSION OF GAIN ON SALES OF**
 4 **CONSERVATION EASEMENTS ON FARMLAND**
 5 **TO ELIGIBLE ENTITIES FOR CONSERVATION**
 6 **PURPOSES.**

7 “(a) EXCLUSION.—Gross income shall not include
 8 100 percent of any gain from the sale of any conservation
 9 easement that is evidenced by a permanent deed restric-
 10 tion and that requires that the eligible farmland subject
 11 to the deed restriction be made available for agricultural
 12 production if such eligible farmland was owned by the tax-
 13 payer or a member of the taxpayer’s family (as defined
 14 in section 2032A(e)(2)) at all times during the 3-year pe-
 15 riod ending on the date of the sale.

16 “(b) ELIGIBLE ENTITY.—For purposes of this sec-
 17 tion, the term ‘eligible entity’ means—

18 “(1) any agency of the United States or of any
 19 State or local government, or

20 “(2) any other organization that—

21 “(A) is organized and at all times operated
 22 principally for 1 or more of the conservation
 23 purposes specified in clause (i), (ii), or (iii) of
 24 section 170(h)(4)(A),

1 “(B) is described in section 501(c)(3) and
2 exempt from tax under section 501(a), and

3 “(C) meets the requirements of—

4 “(i) section 509(a)(2), or

5 “(ii) section 509(a)(3) and is con-
6 trolled by an organization described in sec-
7 tion 509(a)(2).

8 “(c) ELIGIBLE FARMLAND.—For purposes of this
9 section—

10 “(1) ELIGIBLE FARMLAND.—The term ‘eligible
11 farmland’ means farmland comprised of at least 50
12 percent of any combination of prime, unique, or
13 statewide or locally important farmland.

14 “(2) FARMLAND.—The term ‘farmland’ in-
15 cludes all land capable of being used for agricultural
16 production.

17 “(3) PRIME FARMLAND.—The term ‘prime
18 farmland’ means farmland that has the best com-
19 bination of physical and chemical characteristics for
20 producing food, feed, fiber, forage, oilseed, and other
21 agricultural crops with minimum inputs of fuel, fer-
22 tilizer, pesticides, and labor, and without intolerable
23 soil erosion, as determined by the Secretary of Agri-
24 culture. Such term includes farmland that possesses
25 the characteristics described in the preceding sen-

1 tence, but is being used currently to produce live-
 2 stock and timber. Such term does not include farm-
 3 land already in or committed to urban development
 4 or water storage.

5 “(4) UNIQUE FARMLAND.—The term ‘unique
 6 farmland’ means farmland, other than prime farm-
 7 land, that is used for production of specific high-
 8 value food and fiber crops, as determined by the
 9 Secretary of Agriculture. Such term includes farm-
 10 land with the special combination of soil quality, lo-
 11 cation, growing season, and moisture supply needed
 12 to economically produce sustained high quality or
 13 high yields of specific crops when treated and man-
 14 aged according to acceptable farming methods, in-
 15 cluding such crops as citrus, tree nuts, olives, cran-
 16 berries, fruits, and vegetables.

17 “(5) STATEWIDE OR LOCALLY IMPORTANT
 18 FARMLAND.—The term ‘statewide or locally impor-
 19 tant farmland’ means farmland, other than prime or
 20 unique farmland, that is of statewide or local impor-
 21 tance for the production of food, feed, fiber, forage,
 22 or oilseed crops, as determined by the appropriate
 23 State or unit of local government agency or agen-
 24 cies, and that the Secretary of Agriculture deter-

1 mines should be considered as such farmland for
2 purposes of this section.”.

3 (b) CONFORMING AMENDMENT.—The table of sec-
4 tions for part I of subchapter P of chapter 1 of the Inter-
5 nal Revenue Code of 1986 is amended by adding at the
6 end the following new item:

 “Sec. 1203. 100-percent exclusion of gain on sales of development rights or
 conservation easements on farmland to eligible entities for con-
 servation purposes.”.

7 (c) EFFECTIVE DATE.—The amendments made by
8 this section shall apply to sales occurring on or after the
9 date of the enactment of this Act.

○